98TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
98-1015

MISCELLANEOUS TARIFF AND CUSTOMS AMENDMENTS

SEPTEMBER 13, 1984.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 6064]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 6064) to change the tariff treatment with respect to certain articles, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are shown in the reported bill, with the matter proposed to be stricken shown in linetype and the matter proposed to be inserted shown in italic type.

SUMMARY OF PROVISIONS

H.R. 6064 is a bill which incorporates 62 noncontroversial tariff and trade bills, approved by the Committee on Ways and Means. They involve permanent duty free entry, temporary duty reductions, temporary suspensions of duties, certain classification changes and other actions. The committee has combined these bills into a single omnibus bill to facilitate their consideration by the House of Representatives.

Section 101 applies to all other sections of the bill. It states that whenever an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, item, headnote or other provision, the reference shall be considered to be made to a schedule, item, headnote, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

Section 111 contains a provision introduced by Mr. Frenzel, H.R. 4255, to provide for a reduction in duty on certain fresh or chilled

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asparagus air freighted to the United States and entered between September 15 and November 15 in any year.

Section 112 contains a provision introduced by Mr. Vander Jagt, H.R. 2711, to amend the Tariff Schedules of the United States (TSUS) to impose a rate of duty of one-tenth of one cent per gallon on imports of apple or pear juice.

Section 113 contains a provision introduced by Mr. MacKay, H.R. 4296, to amend the TSUS to delineate between concentrated and nonconcentrated orange juice.

Section 114 contains a provision introduced by Mr. Bonker, H.R. 5182, to amend the TSUS to ensure that imports of cellular panels and tongued, grooved, lapped, or otherwise edge-worked plywood and wood-veneer panels are classified under the tariff provisions for those three products, rather than as building boards.

Section 115 contains a provision introduced by Mr. Stark, H.R. 1624, to amend the TSUS to establish equal and equitable classification and duty rates for various cordage products of virtually identical characteristics.

Section 116 contains a provision introduced by Mr. Guarini, H.R. 4339, to amend the TSUS to change the classification of most wearing apparel imported as parts of sets except for suits, pajamas and other nightwear; playsuits, washsuits, and similar apparel, judo, karate and other oriential arts uniforms; swimwear; and infants' sets up to and including 24 months of age.

Section 117 contains two provisions, one introduced by Mr. Glickman, H.R. 5455, to amend the TSUS to provide for motor fuel blending stock to be dutiable at 1.25 cents per gallon, the same rate that currently applies to motor fuel; and another introduced by Mr. Brooks, H.R. 4232, to amend the TSUS to clarify the classification of any naphtha described as both a petroleum product and a benzenoid chemical.

Section 118 contains a provision introduced by Mr. Albosta, H.R. 4765, to provide for permanent duty-free treatment for imports of chipper knife steel which is not cold formed.

Section 119 contains a provision introduced by Mr. Ratchford, H.R. 2776, to create a new item in the TSUS which would apply to gut imported for use in the manufacture of surgical sutures.

Section 120 contains a provision introduced by Mr. Conable, H.R. 5448, to provide duty-free treatment to the reimportation of articles which were imported into the United States and then exported under lease or similar use agreement to an entity other than a foreign manufacturer.

Section 121 contains a provision introduced by Mrs. Boggs, H.R. 2471, to provide permanent duty-free entry of geophysical or contracting services and articles exported and returned and used for the extraction or development of natural resources and having been imported by or for the account of the person who exported them.

Section 122 contains a provision introduced by Mr. Gibbons, H.R. 3158, to amend the TSUS and the Tariff Act of 1930 providing for the duty-free entry of repair parts, accessories and equipment of temporarily admitted containers thereby bringing United States customs treatment into conformity with the Customs Convention on Containers, 1972.

Section 123 contains a provision introduced by Mr. Matsui, H.R. 5410, to extend duty free treatment to scrolls or tablets of wood or paper, commonly known as Gohonzon, imported for use in public or private religious observances.

Section 131 contains a provision introduced by Mr. Conable, H.R. 4825, to provide for a temporary reduction of duty on certain fresh, chilled, or frozen Brussels sprouts until December 30, 1987.

Section 132 contains a provision introduced by Mr. Moore, H.R. 4087, to provide for a temporary suspension of the duty on Beta-naphthol until September 30, 1987.

Section 133 contains a provision introduced by Mr. Crane, H.R. 4329, to extend the current suspension of duty on 4-chloro-3-methylphenol until September 30, 1987.

Section 134 contains a provision introduced by Mr. Vander Jagt, H.R. 5389, to temporarily suspend the duty of 3,3'-diaminobenzidine until September 30, 1988.

Section 135 contains a provision introduced by Mr. Moore, H.R. 4088, to temporarily suspend the duty on 6-amino-1-naphtol-3-sulfonic acid otherwise known as J-Acid until September 30, 1987.

Section 136 contains a provision introduced by Mr. Moore, H.R. 4089, to temporarily suspend the duty on 2-(4-aminophenyl)-6-methylbenzothiazole-7-sulfonic acid otherwise known as DSA until September 30, 1987.

Section 137 contains a provision introduced by Mr. Conable, H.R. 3445, to temporarily suspend the duty on diphenyl guanidine and di-ortho-tolyl guanidine until September 30, 1987.

Section 138 contains a provision introduced by Mr. Jacobs, H.R. 4035, to temporarily suspend the duty on (6R,7R)-7-[(R)-2-amino-2-phenylacetamido]-3-methyl-8-oxo-5-thia-l-azabicyclo[4.2.0] oct-2-ene-2-carboxylic acid disolvate until September 30, 1987.

Section 139 contains a provision introduced by Mr. Frenzel, H.R. 4899, to temporarily suspend the duty on acetylsulfaguanidine until September 30, 1987.

Section 140 contains a provision introduced by Mr. Schulze, H.R. 5339, to temporarily suspend the duty on mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate (fenridazon-potassium) and formulation adjuvants until September 30, 1987.

Section 141 contains a provision introduced by Mr. Gejdenson, H.R. 5751, to extend the duty suspension on uncompounded allyl resins until September 30, 1986.

Section 142 contains a provision introduced by Mr. Frenzel, H.R. 4381, to temporarily suspend the duty on sulfamethazine until September 30, 1987.

Section 143 contains a provision introduced by Mr. Evans, H.R. 4382, to temporarily suspend the duty on sulfaguanidine until September 30, 1987.

Section 144 contains a provision introduced by Mr. Vander Jagt, H.R. 3312, to temporarily suspend the duty on terfenadine until September 30, 1987.

Section 145 contains a provision introduced by Mr. Frenzel, H.R. 4379, to temporarily suspend the duty on sulfathiazole until September 30, 1987.

Section 146 contains two provisions introduced by Mr. Frenzel, H.R. 4378, which temporarily suspends the duty on sulfaquinoxaline until September 30, 1987; and H.R. 4380 which temporarily suspends the duty on sulfanilamide until September 30, 1987.

Section 147 contains two provisions, one introduced by Mr. Vander Jagt, H.R. 3311, to temporarily suspend the duty on dicyclomine hydrochloride until September 30, 1987; and another, introduced by Mr. Albosta, H.R. 3740, to temporarily suspend the duty on mepenzolate bromide until September 30, 1987.

Section 148 contains a provision introduced by Mr. Sundquist, H.R. 5368, to temporarily suspend the duty on amiodarone until September 30, 1987.

Section 149 contains a provision introduced by Mr. Albosta, H.R. 3741, to temporarily suspend the duty on disipramine hydrochloride until September 30, 1987.

Section 150 contains a provision introduced by Mr. Vander Jagt, H.R. 3313, to temporarily suspend the duty on clomiphene citrate until September 30, 1987.

Section 151 contains a provision introduced by Mr. Thomas, H.R. 2667, to temporarily suspend the duty on yttrium bearing materials and compounds containing by weight more than 19% but less than 85% yttrium oxide equivalent until June 30, 1988.

Section 152 contains a provision introduced by Mr. Green, H.R. 4513, to temporarily suspension of the duty on tartaric acid and certain tartaric chemicals until June 30, 1988.

Section 153 contains a provision introduced by Mr. Schulze, H.R. 5338, to temporarily suspend the duty on mixtures of 5-chlor-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate until September 30, 1987.

Section 154 contains a provision introduced by Mr. Moore, H.R. 4224, to temporarily suspend the duty on nicotine resin complex until September 30, 1987.

Section 155 contains a provision introduced by Mr. Albosta, H.R. 3742, to temporarily suspend the duty on rifampin until September 30, 1987.

Section 156 contains a provision introduced by Mr. Moore, H.R. 4223, to temporarily suspend the duty on lactulose until September 30, 1987.

Section 157 contains a provision introduced by Mr. Moore, H.R. 4225, to temporarily suspend the duty on iron dextran complex until September 30, 1987.

Section 158 contains a provision introduced by Mr. Guarini, H.R. 3709, to extend the temporarily suspension on natural graphite until December 31, 1987.

Section 159 contains a provision introduced by Mr. Jones, H.R. 4443, to extend the existing suspension on zinc-bearing ores, zinc dross and zinc skimmings, zinc-bearing materials and zinc waste and scrap until June 30, 1989.

Section 160 contains a provision introduced by Mr. Archer, H.R. 4482, to temporarily suspend the rate of duty for tool blanks and drill blanks, wholly or in chief value of industrial diamonds until September 30, 1987.

Section 161 contains a provision introduced by Mr. Vander Jagt, H.R. 3731, to extend the temporary suspension of duty on certain clock radios until September 30, 1986.

Section 162 contains a provision introduced by Mr. Schulze, H.R. 5283, to temporarily suspend the duty on decorative lace-braiding machines using the jacquard system, and parts thereof, until September 30, 1987.

Section 163 contains a provision introduced by Mr. Vander Jagt, H.R. 4887, to temporarily suspend the duty on megnetron tubes with an operating frequency of 2.450 GHZ and a minimum power of at least 300 watts and a maximum power not greater than 2000 watts until September 30, 1987.

Section 164 contains a provision introduced by Mr. Schulze, H.R. 5284, to temporarily suspend the duty on narrow fabric looms until September 30, 1987.

Section 165 contains a provision introduced by Ms. Kaptur. H.R. 5783, to temporarily suspend the duty on frames for hand-held umbrellas chiefly used for protection against rain until September 30, 1985.

Section 171 contains a number of amendments to the TSUS to correct purely technical errors in the schedules.

Section 181 provides for the effective date of the above provisions.

Section 201 contains a provision introduced by Mr. Frenzel, H.R. 4316, to amend the Tariff Act of 1930 to allow for substitution, for drawback purposes of merchandise (whether imported or domestic) commercially identical to the imported merchandise.

Section 202 contains a provision introduced by Mr. Archer, H.R. 3330, to exempt any U.S. flag vessel that is away from a U.S. port for at least two years from the 50% ad valorem duty on repairs and equipment purchases provided the repairs or equipment purchases were not made within 6 months of departure from a U.S. port and the vessel did not depart from a U.S. port for the purpose of obtaining overseas repairs.

Section 203 contains a provision introduced by Mr. Gibbons, H.R. 3159, to require that customs duties determined to be due upon liquidation or reliquidation are due upon that date.

Section 204 contains a provision introduced by Mr. McKinney, H.R. 4178, to amend the Tariff Act of 1930 to increase from $250 to $1250 the value of goods eligible for informal entry.

Section 205 contains a provision introduced by Mr. Heftel, H.R. 3983, to permit State and local government authorities having jurisdiction over airports or other exit points to require that operators of duty-free sales enterprises in such locations obtain concessions or approval before beginning business.

Section 206 contains a provision introduced by Mr. Frenzel, H.R. 5418, to amend section 641 of the Tariff Act of 1930 to revise the law regulating Customs brokers.

Section 211 contains a provision introduced by Mr. Gibbons, H.R. 5453, to provide the President with the authority to proclaim the duty-free status of certain parts of civil aircraft.

Section 212 contains a provision introduced by Mr. McNulty, H.R. 5429, to provide for the duty-free entry into the United States

of instruments and apparatus required for the installation and operation of a telescope in Arizona.

Section 213 contains a provision introduced by Ms. Oakar, H.R. 5436, to provide for the duty-free entry of pipe organs manufactured in the Netherlands, and imported for the use of Trinity Cathedral of Cleveland, Ohio, during 1973–1978.

Section 214 contains a provision introduced by Mr. Wyden, H.R. 5625, to require the Commissioner of Customs to expand the Oregon Customs District, headquartered in Portland, and rename it the Columbia-Snake Customs District.

Section 215 contains a provision introduced by Mr. Durbin, H. Res. 496, to express the sense of the Congress concerning the negative effects of the European Community's request for consultations with the United States under the General Agreement on Tariffs and Trade to renegotiate the duty-free binding on corn gluten feed and other nongrain feed ingredients.

Committee Action

The Subcommittee on Trade requested public comments on each of the bills as introduced and held hearings on November 15, 1983 and June 21, 1984. Favorable testimony was received from the Executive branch agencies and most public witnesses on the bills, including suggested amendments. The subcommittee held a markup on June 27, 1984, took favorable action on these tariff and trade bills and, after making appropriate amendments, ordered by voice vote on the bills to be reported to the full Committee on Ways and Means.

The committee on August 2, 1984, favorably considered each of the bills as reported by the Subcommittee and agreed to combine the bills into one omnibus bill, H.R. 6064, which is being favorably reported to the House of Representatives.

Section-by-Section Analysis and Justification Including Comparison With Present Law

Section 101 contains references applicable to all other sections of the bill. This section states that an amendment to or repeal of, a schedule, item, headnote, or other provision refers to a schedule, item, headnote, or other provision of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202).

Section 111. Fresh Asparagus

(Originally introduced as H.R. 4255 by Mr. Frenzel)

Section 111 provides for a reduction in duty on fresh or chilled asparagus which is air freighted to the United States between September 15 and November 15 in any year. The intent of the legislation is to allow the importation of asparagus at a lower rate of duty during periods of domestic shortages due to seasonality.

Section 111 would amend subpart A of part B of schedule 1 of the TSUS by inserting new items 135.03 and 135.05 before the superior heading to items 135.10 through 135.17. New item 135.03 would provide for a column 1, MFN, duty on fresh or chilled asparagus air freighted to the United States and entered between September

15 and November 15 of 5 percent ad valorem. The column 2 duty would be 50 percent ad valorem. Item 135.05 provides for a column 1, MFN, duty on all other asparagus either fresh, chilled or frozen and not contained in item 135.03 of 25 percent ad valorem. The column 2 duty would be 50 percent ad valorem.

Currently asparagus which is chilled, fresh or frozen is covered under item 137.97 with a column 1, MFN, duty of 25 percent ad valorem. The column 2 duty is 50 percent ad valorem. Cut, sliced or otherwise reduced in size asparagus which is frozen, fresh or chilled is covered under item 138.46 with a column 1, MFN, duty of 17.5 percent ad valorem and a column 2 duty of 35 percent ad valorem.

Section 112. Apple and Pear Juice

(Originally introduced as H.R. 2711 by Mr. Vander Jagt)

Section 112 would amend subpart A of part 12 of schedule 1 of the TSUS to impose a rate of duty of one-tenth-of-one-cent per gallon on imports of apple or pear juice from countries entitled to most favored nation (MFN), or column 1 treatment under TSUS item number 165.15. Currently imports from column 1 countries are free of duty; the legislation would not affect the existing column 2 rate of 5 cents per gallon.

Currently TSUS item 165.15 provides for apple or pear juice, not a mixture of two or more fruit juices and not containing over 1.0 percent of ethyl alcohol by volume. The juices may be concentrated or not concentrated, sweetened or not sweetened; they may be in any form (liquid, frozen, powdered, or solid) and must be fit for use as beverages or for beverage purposes. Apple juice and pear juice are normally prepared by pressing fresh fruit and filtering the juice. Unless it is to be consumed immediately, it is preserved against spoilage by heat sterilization, concentration, freezing, the addition of preservation ingredients, or combinations of these or other means; juice that is to be stored or transported long distances is usually concentrated. In the United States, the most frequently consumed apple juice products are fresh sweet apple cider, pasteurized apple juice (canned or bottled single-strength juice), and concentrate apple juice. Pear juice, a relatively bland, low-acid juice, is purchased in comparatively small quantities by retail consumers. Pear juice is also used in the canning industry as a packing medium for certain canned fruits.

Apple and pear juice, not mixed and not containing over 1.0 percent ethyl alcohol by volume, whether concentrated or not concentrated, as provided for under TSUS item 165.15, are free of duty when imported from column 1 countries and are dutiable at 5 cents per gallon of single-strength equivalent juice when imported from column 2 countries. In addition, if the imported fruit juice under TSUS item 165.15 contains more than 0.5 percent but not over 1.0 percent of ethyl alcohol by volume, a Federal Excise Tax would apply to the alcohol content. The current column 1 rate became effective January 1, 1971, as a result of staged rate-of-duty concessions granted under the General Agreement on Tariffs and Trade (GATT) in the Kennedy round of trade negotiations (32 F.R. 19002).

Since the column 1 rate of duty is free, imports have not been designated as eligible for free duty entry under the Generalized System of Preferences (GSP).

The legislation would impose ordinary customs duties on articles covered by TSUS item 165.15 which are currently duty-free. Domestic apple growers in the past have attempted to obtain relief from imports of apple juice from Argentina by seeking imposition of countervailing duties. Under provisions of the countervailing duty law applicable to Argentina [1] (section 303(b) of the Tariff Act of 1930, as amended), countervailing duty may be levied on imported articles which are free of duty only after it has been determined by the U.S. International Trade Commission (ITC) that the imports are causing or threatening injury to a domestic industry and the Commerce Department determines that the imports benefit from subsidies. No such determination has been issued in regard to domestic apple or pear juice. If this legislation were enacted and the imported products were made dutiable, section 303(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1303(b)(1)) would govern any future proceedings concerning the imposition of countervailing duties. Consequently, no injury determination by the ITC would be required, as in the past, before countervailing duties could be imposed on imports from such suppliers as Argentina and South Africa.

During 1977–81, U.S. production of apples utilized for apple juice and cider increased from 1,267 million pounds in 1977 to 2,139 million pounds in 1980, and then declined to 1,792 million pounds in 1981. During the same period, the farm value of such production ranged from $69 million in 1977 to a high of $101 million in 1979.

The estimated U.S. production of apple juice and cider in single-strength gallons during 1977–81 increased from 108 million gallons in 1977 to 182 million gallons in 1980, and then declined to 152 million gallons in 1981.

During 1977–81, U.S. imports of apple and pear juice increased irregularly from 31.9 million single-strength equivalent gallons in 1977 to 81.6 million gallons in 1981, or by about one and one-half times. During 1982, imports rose to approximately 103.8 million gallons, an increase of about 20 percent over 1981. The value of the annual imports during 1977–82 ranged from $25 million in 1977 to $92 million in 1979.

Argentina has been the predominant supplier of imports of apple and pear juice, although its share of the total declined over the period as other sources increased their shares. During 1977–79, Argentina supplied 62 percent of the total imports under item 165.15 (by quantity); during the period from January 1980 to August 1982, Argentina's share declined to 47 percent of the total supplied. For 1982, Argentina's share of total imports had fallen to 39 percent. Other major suppliers are the Republic of South Africa, West Germany, Spain, Mexico, the Netherlands and New Zealand.

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[1] Argentina is not a "country under the Agreement" for purposes of Title VII of the Tariff Act of 1930, as amended, as it has not signed or assumed the obligations of the GATT Subsidies Code. *See:* Code of Subsidies and Countervailing Duties, General Agreement on Tariffs and Trade. The Republic of South Africa, the second-ranked supplier of apple and pear juice in 1981, is also a non-signatory to the Agreement.

Data on U.S. exports of apple or pear juice are not separately reported. The level of such exports, 3 million to 7 million gallons annually, is estimated at about one-third of total U.S. exports of all non-enumerated fruit juices.

The estimated apparent U.S. consumption of apple juice averaged 196 million gallons annually in 1977–81, increasing from an average of about 150 million gallons during 1977 and 1978 to an average of 223 million gallons during 1980 and 1981. In 1982, apparent consumption rose to approximately 259 million gallons.

It is estimated that the U.S. consumption of pear juice is only a small fraction of the consumption of apple juice.

Section 113. Orange Juice

(Orginally introduced as H.R. 4296 by Mr. MacKay)

Section 113 would delineate between concentrated and nonconcentrated orange juice by inserting two new items in the Tariff Schedules of the United States (TSUS) after item 165.25. New item 165.27 with a column 1, MFN, duty rate of 20 cents per gallon would apply to natural unconcentrated orange juice and juice which has not been made from a juice having a degree of concentration of 1.5 or more (approximately 17.3° Brix). Juices with a degree of concentration less than 1.5 are considered to be natural unconcentrated juice for tariff purposes. New item 165.29 would have a column 1 MFN duty rate of 35 cents per gallon and would apply to all other juice including concentrated and reconstituted juices. The column 2 rate of duty for both items would remain at the current applicable level of 70 cents per gallon.

This legislation was prompted by the increasing amount of imports of concentrated and reconstituted orange juice which are penetrating the domestic markets, some of which is being reconstituted for import. Under current law, the tariff applicable to imported orange juice varies as to whether the juice is defined as being concentrated or not concentrated. Concentrated juice is subject to a column 1, MFN, duty of 35 cents per gallon and unconcentrated juice is subject to a column 1, MFN, duty of 20 cents per gallon. To avoid the higher duty, concentrated orange juice is being brought into U.S. foreign trade zones and bonded warehouses for processing. Water is added and the resultant product is imported into the United States as a reconstituted orange juice subject to the lower tariff of 20 cents per gallon.

Similar operations are occurring along the Canadian and Mexican borders where concentrated orange juice is being reconstituted for import and lower applicable duty.

In some instances, domestic concentrated orange juice is exported to one of the blending operations across the border and is blended with imported concentrate and the blend is packaged into retail size packages of concentrated orange juice for import into the U.S. These packages, therefore, are not required to bear any identification as to the country from which they were imported.

The operations defined above are designed to avoid the higher duty rate resulting in circumvention of the intended duties prescribed by Congress and to pose a serious threat to the domestic

citrus industry. The legislation would establish two separate item numbers for imported orange juice. The lower duty of 20 cents per gallon would apply to imports of natural strength unconcentrated orange juice and orange juice made with a degree of concentration less than 1.5 or about 17.3° Brix. The higher duty of 35 cents per gallon would apply to concentrated juice and reconstituted juices made from juice with a Brix value of greater than 17.3°.

For purposes of determining the proper duty, the rate is applied to the number of gallons of natural unconcentrated juice or gallons of reconstituted juice as defined in headnotes 3(a) and (b) of schedule 1, part 12, subpart A of the Tariff Schedules of the U.S.

During 1978–82, Florida's production of all orange juice products (not concentrated and concentrated) rose from 867 million gallons (single-strength equivalent) to a high of 1,179 million gallons in 1980. Production declined to 649 million gallons in 1982 following back-to-back winter freezes in 1981 and 1982. It is believed that Florida accounts for over 90 percent of the U.S. production of orange juice.

Frozen concentrated orange juice accounts for nearly 85 percent of Florida production of orange juice, with the remainder consisting of canned and chilled single-strength orange juice products. Production of not concentrated orange juice (canned and chilled single-strength juice) declined irregularly from 161 million gallons in 1978 to 111 million gallons in 1982.

During 1978–82, U.S. imports of orange juice (not concentrated and concentrated) ranged from a low of 101 million gallons, valued at $69 million, in 1980 to a high of 399 million gallons, valued at $326 million, in 1982. Brazil, Mexico, and West Germany were the leading suppliers of U.S. imports of orange juice in 1982.

U.S. imports of not concentrated citrus juice (the bulk of which is believed to be orange juice in 1981 and 1982) increased substantially from 148,000 gallons, valued at $547,000, in 1978 to 10 million gallons, valued at $15 million, in 1981. Imports then declined to 3 million gallons, valued at $6 million, in 1982. Mexico and Canada were the principal U.S. suppliers.

The principal U.S. importers of orange juice are U.S. processors of such juice.

U.S. imports of orange juice from column 2 sources have been negligible. Such imports totaled 189,000 gallons, valued at $96,000, in 1982.

U.S. exports of orange juice (not concentrated and concentrated) increased from 50 million gallons, valued at $99 million, in 1978 to 91 million gallons, valued at $140 million, in 1981 before declining to 76 million gallons, valued at $127 million, in 1982. Canada was the principal export market. West Germany, Netherlands, and France were also significant markets.

Exports of not concentrated orange juice declined irregularly from 9 million gallons, valued at $17 million, in 1973 to 8 million gallons, valued at $16 million, in 1982.

The major U.S. processing firms are believed to be the principal U.S. exporters of orange juice.

Apparent U.S. consumption of orange juice increased from 968 million gallons in 1978 to 1.2 billion gallons in 1980 before declining to 972 million gallons in 1982 following the successive winter

freezes in Florida. The share of U.S. consumption supplies by imports ranged from 8 percent in 1980 to 41 percent in 1982.

During 1978–82, apparent U.S. consumption of not concentrated orange juice declined irregularly from 152 million gallons in 1978 to 106 million gallons in 1982. The share of consumption supplied by imports ranged from less than 0.5 percent in 1978 and 1979 to 8 percent in 1981.

SECTION 114. PLYWOOD

(Originally introduced as H.R. 5182 by Mr. Bonker)

Section 114 would revise the TSUS to ensure that imports of cellular panels and tongued, grooved, lapped, or otherwise edge-worked plywood and wood-veneer panels are classified under the tariff provisions for those three products, rather than as building boards.

This would be accomplished by amending headnote 1 of part 3 of schedule 2 of the TSUS—(1) by adding the phrase "or any edge of which has been tongued, grooved, lapped or otherwise worked" to the end of paragraphs (b) and (c); and (2) by striking out the phrase "chiefly used in the construction of walls, ceilings or other parts of buildings" in paragraph (e) and inserting "other than plywood, wood-veneer panels, or cellular panels" in lieu thereof.

This legislation is intended to correct a tariff anomaly illustrated by an existing interpretation by the Customs Service on plywood panels being imported from Canada. Canadian cedar plywood, which has been shiplapped on the long sides, is being brought into this country classified by Customs as "building boards." This imported edge-worked plywood is marketed, advertised, sold, and used as plywood—the same purposes as domestically produced plywood whether or not it has been edge-worked. The process of creating tongue-and-groove or shiplapped edges on the imported plywood is not a manufacturing process which results in a new and different article. However, the category "building boards" carries a tariff with an ad valorem equivalant of about 10% whereas the duty rate for "plywood" is 20%. The Customs Service classified the import on the basis of end use, which in this case is exterior siding, rather than on its physical description as a "rigid wood veneer assembly" which applies to plywood.

The products involved in this legislation, plywood, wood-veneer panels, cellular panels, and building boards, are described in the headnotes to part 3 of schedule 2 of the TSUS. Whether or not they have been edge worked, plywood, wood-veneer and cellular panels are used for many purposes, including siding, flooring, wall paneling, and roofing. Cellular panels are generally not edge worked.

It is estimated that in 1983 about 400 companies, employing 68,500 people, produced plywood, wood-veneer panels, cellular panels, and building boards. Of these companies, approximately 18 (41 plants) employing 2,000 people, produced softwood plywood siding, which is the major product which would be affected by enactment of this legislation.

Consumption of plywood, wood-veneer panels, cellular panels, and building boards fell from 24.5 billion square feet, valued at

about $4.5 billion, in 1979 to 20.2 billion square feet, valued at $4.0 billion, in 1982, reflecting a general slump in construction activities. In 1983, approximately 28 billion square feet, valued at about $5 billion was consumed in the United States. The increase reflects a rebound in U.S. imports of plywood, wood-veneer panels, cellular panels, and building boards, amounted to about 1 percent of total U.S. consumption of such products in 1983.

It is estimated that, in 1983, 1.5 billion square feet, or about 5 percent of total U.S. consumption of plywood, wood-veneer panels, cellular panels, and building boards, was edge worked.

U.S. imports of plywood, wood-veneer panels, cellular panels, and building boards are estimated to have fallen from $620 million in 1979 to $400 million in 1982 as construction activities fell. Imports then rose to $580 million in 1983 as such activities rebounded.

U.S. exports of plywood, wood-veneer panels, cellular panels, and building boards are estimated to have risen from $115 million in 1979 to $253 million in 1983 as U.S. producers continued to seek new market exports to edge worked panels are believed to have totaled $50 million in 1983.

Currently, Customs classifies plywood and wood-veneer panels which have been edge worked as building boards under item 245.80 at a column 1 rate of duty of 1.7 cents per pound plus 3.1 percent ad valorem (ad valorem equivalent (AVE) equals 10 percent), and LDDC rate of 1.3 cents per pound plus 2.3 percent ad valorem, and a column 2 rate of 15 cents per pound plus 25 percent ad valorem. Imports from designated beneficiary countries are eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports from designated Caribbean countries are eligible for duty-free treatment under the Caribbean Basin Initiative (CBI).

Recent importations of edge-worked panels classified under item 245.80 have consisted primarily of cedar siding which, when it is not edge worked, is classifiable under item 240.21, at a column 1 duty rate of 20 percent ad valorem and a column 2 rate of 40 percent. An LDDC rate was not established for item 240.21. Articles classified under this tariff provision are eligible for the GSP and the CBI.

Section 115. Classification of Certain Cordage

(Originally introduced as H.R. 1624 by Mr. Stark)

Section 115 would amend headnote 3 in part 1E of schedule 3 of the TSUS to modify the definitions of "plexiform filaments" and "strips". This amendment would result in certain cordage products which are currently classified as articles of rubber or plastics in schedule 7 of the TSUS being classified in schedule 3 at substantially higher rates of duty. They would also be subject to textile restraints under the Multifiber Arrangement (MFA).

Section 115 clarifies the definition of a plexiform filament in part 1E of schedule 3 of the TSUS. Currently, the U.S. Customs Service has interpreted the language in such a way that the definition of "plexiform filaments" is combined with the definition for "strips" so that plexiform filaments derived from fibrillatable strips of over

one inch in width become a plastic article rather than a flexible fiber.

In the instant case this interpretation of existing language by the Customs Service means that cordage products made from plexiform filaments derived from fibrillatable strips of one inch or less in width are imported into this country under the cordage category in the tariff schedules, while cordage products made from plexiform filaments derived from fibrillatable strips wider than one inch are considered plastic articles and come in under the residual classification of item 774.55: "Articles not specially provided for, or rubber or plastic: Other".

In fact, the tariff schedules did not contemplate a width limitation on fibrillatable strips of plexiform filaments. The clear distinction between "plexiform filaments" and "strips" is that a plexiform filament is capable of being fibrillated whereas a strip is not capable of being fibrillated.

Cordage classifiable in schedule 3, which comprises twine, rope, and cables, is manufactured from various textile fibers, primarily man-made fibers and vegetable fibers. Man-made fiber cordage is made principally from nylon, polypropylene, and polyester fibers. Such cordage has approximately 2.5 times the tensile strength of the strongest vegetable fiber cordage and is highly resistant to chafing, rotting, and abrasion. It has good wet strength and high elasticity, and is lighter in weight and less water absorbent than vegetable fiber cordage. All sizes (usually measured by diameter) of cordage are produced from man-made fibers, ranging from small twine used for agricultural purpose to the large ropes (hawsers) used for towing, mooring, or securing ships.

Cordage classifiable in schedule 7, which comprises twine, rope and cables, is manufactured from polypropylene filaments or strips. The tensile strength and other characteristics of this cordage is similar to that of textile cordage of equivalent size. And the end uses for this cordage are the same as the end uses for textile cordage. The only differences in the cordage is the width of the polypropylene strips from which it is made.

The number of establishments producing all types of cordage have remained about the same in the past 5 years, numbering approximately 150 in 1982. Over 90 percent of the industry's total output of man-made fiber cordage is produced by 15 mills. Even though the large producers may offer most types and sizes of cordage for sale, they do not produce a complete line of cordage. Rather, these producers purchase some of their cordage from an importer or another domestic manufacturer and add it to their line of merchandise.

The quantity of U.S. production of man-made fiber cordage increased from 1978 to 1979, and then began declining; production amounted to 106 million pounds, valued at $140 million in 1982, as shown in the following tabulation:

Year	Quantity (pounds)	Value
1978	107,041,000	$133,676,000
1979	133,368,000	177,513,000
1980	127,010,000	156,993,000

Year	Quantity (pounds)	Value
1981	126,807,000	163,806,000
1982	106,486,000	140,344,000

Source: Estimated by the staff of the U.S. International Trade Commission from data and information obtained from the Cordage Institute.

The quantity of U.S. imports of man-made fiber cordage decreased steadily from 1978 to 1980, and then increased, amounting to 2.7 million pounds, valued at $4.5 million in 1982. The unit value was $1.17 per pound in 1978, dropped to $1.15 per pound in 1979, and then increased annually to $1.70 per pound in 1982. U.S. imports of such cordage are shown in the following tabulation:

Year	Quantity (pounds)	Value
1978	3,219,000	$3,779,000
1979	2,462,000	2,842,000
1980	1,939,000	2,888,000
1981	2,394,000	3,917,000
1982	2,668,000	4,532,000

Import data shown do not include braided cordage or cordage-like products classified in schedule 7. Estimated imports of these latter products under schedule 7 amounted to 5 million pounds, valued at $6 million, in 1982.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Korea and Japan have been the sources of the majority of imports of man-made fiber cordage in recent years, accounting for 64 percent of the quantity and 72 percent of the value in 1982. Such imports from Korea had a unit value of $1.24 per pound, while imports from Japan were much higher at $4.25 per pound. The majority of the Japanese imports consisted of the smaller diameter cordage (under 3⅛ inch) which generally has a higher unit value than the larger diameter cordage (3⅛ inch and over). The majority of Korean imports consisted of the larger size cordage; i.e., 3⅛ inch and over in diameter. There were no imports of man-made fiber cordage supplied by column 2 countries in 1982.

The ratio of imports to apparent consumption ranged between 1.6 to 3.1 percent during the 1978–82 period.

U.S. exports of cordage of man-made fibers increased from 1978 to 1979, then fell sharply to 3.5 million pounds, valued at $10.0 million in 1982, as shown in the following tabulation:

Year	Quantity (pounds)	Value
1978	5,941,000	$8,517,000
1979	6,922,000	9,580,000
1980	5,323,000	10,227,000
1981	3,398,000	9,699,000
1982	3,480,000	9,981,000

Source: Compiled from official statistics of the U.S. Department of Commerce.

Although the quantity of exports has fluctuated downward, the unit values followed a pattern similar to imports. The unit value was $1.43 per pound in 1978, dropped to $1.38 per pound in 1979, then increased annually to $2.87 per pound in 1982.

Canada has been the largest recipient of U.S. exports of man-made fiber cordage in recent years. In 1982, Canada received more

than one-fourth of the value ($2.6 million) of total U.S. exports. Other important export markets are Egypt, Australia, Korea, Brazil, Mexico, and the United Kingdom.

The ratio of exports to domestic production of man-made fiber cordage was 3.3 percent of the quantity and 7.1 percent of the value in 1982. No U.S. firm depends entirely on exports as a main source of revenue. The principal exporting firms are also the principal domestic manufacturers.

Since January 1982, when imports of cordage produced from plastic strips which do not meet the TSUS dimensional requirements for "strips" began entering the United States, they have been classified in schedule 7 (item 774.55) and are dutiable at a column 1 rate of 6.5 percent ad valorem, where they are also eligible for GSP treatment. Moreover, imports from LDDC's under item 774.55 enter at 5.3 percent ad valorem. Under the proposed legislation, these products would be dutiable under TSUS item 316.55 or 316.58 at a column 1 rate of 6 cents per pound plus 11.5 percent ad valorem and probably would not be considered for GSP treatment since they would be subject to textile agreements. There are no concessionary rates for LDDC's under item 316.55 or 316.58.

The United States is a party to the Arrangement Regarding International Trade in Textiles, known as the Multifiber Arrangement (MFA), which provides a mechanism for limiting the level of trade in most textile and apparel articles of cotton, wool, and man-made fibers. The MFA is a multilateral agreement negotiated under the auspices of the General Agreement of Tariffs and Trade (GATT) by representatives of over 50 governments. The MFA originally became effective for 4 years in January 1, 1974, and has been extended twice, the second time through December 1986. It provides the basis for bilateral agreements regulating textile trade. The MFA was established to expand world trade in textiles with particular regard to the economic needs of developing countries which are exporters, while at the same time preventing disruption of the markets of the importing countries. The cordage products classifiable in item 316.55 or 316.58 are subject to restraints under Textile and Apparel Category 605. The cordage products classifiable in item 774.55 are not subject to restraints under the MFA.

Section 116. Classification of Certain Articles of Wearing Apparel

(Originally introduced as H.R. 4339 by Mr. Guarini)

Section 116 would amend part 6, schedule 3 of the TSUS by changing the tariff classification of most wearing apparel imported as parts of sets except for suits; pajamas and other nightwear; playsuits, washsuits and similar apparel; judo, karate and other oriental martial arts uniforms; swimwear; and infants' sets up to and including 24 months of age. Apparel sets, which are now, in general, classified as entireties, would instead be classified according to their separate components. This would result in higher duties on garments imported as parts of sets, because most of the individual components (such as blouses or jackets) would be classified in tariff

provisions having significantly higher rates of duty than those now applicable to articles classified as entireties.

Eo nomine provisions were first established for a large number of apparel articles on January 1, 1982, to implement tariff concessions granted by the United States during the Tokyo round of the Multilateral Trade Negotiations (MTN). Before 1982, most apparel was described in terms of its composition (e.g., "of cotton") and fabric construction (i.e., "knit" or "not knit"), so that apparel articles of the same fiber and construction were dutiable under the same tariff provision at the same rate. However, during the Tokyo round of negotiations, consideration was given to the import sensitivity of apparel on a product-by-product basis, resulting in small or no duty reductions as to more sensitive articles and more significant tariff cuts as to less sensitive ones. Consequently, eo nomine provisions were created to cover the sensitive articles, while the remainder of the articles were classified under residual or "basket" tariff provisions which have lower rates of duty.

Importers soon began entering apparel sets containing one or more articles provided for eo nomine and one or more covered by basket tariff items. Such sets, in which not all components are provided for eo nomine, are classified as entireties usually in basket tariff items at the lower duty rates.

Apparel sets classified as entireties during January-November 1983 were assessed an average rate of duty of 27 percent ad valorem. If this legislation had then been in effect, the average duty rate on these sets would have been 31 percent ad valorem. This tariff differential will widen considerably during 1984-90, as the staged tariff reductions on apparel negotiated in the Tokyo round are implemented and the duty rates of eo nomine provisions are reduced less than those of the basket items.

The articles most significantly affected by the bill are shirts, sweaters, trousers, coats, and dresses made of textile fibers. Approximately 94 percent of the value of all apparel articles imported as parts of sets in 1983 was accounted for by women's, girls' and infants' garments; shirts and blouses accounted for about 59 percent of the total value of imported sets. Sets are often packaged put on hangers, shipped, or otherwise marketed together to promote unit purchases at retail.

There are approximately 20,000 establishments producing wearing apparel in the United States. These establishments are located mainly in the Northeast—particularly in New York, New Jersey, and Pennsylvania—and in California. Employment in 1982 totaled 1.16 million people, down 13 percent from 1978.

Imports for consumption of shirts, trousers, sweaters, dresses, coats, and robes, according to official statistics of the U.S. Department of Commerce, are shown in the following tabulation:

Year	Quantity (dozens)	Value
1979	98,041,000	4,103,000,000
1980	103,840,000	4,805,000,000
1981	112,793,000	5,651,000,000
1982	121,714,000	6,202,000,000
1983[1]	140,553,000	7,161,000,000

[1] Estimated from January-November 1983 imports of 129 thousand dozens valued at $6,563 million.

Imports of these articles increased 75 percent by value during 1979–83 to $7 billion. Quantities increased during the same period by 43 percent to 141 million dozen in 1983. These articles together accounted for about 74 percent of the total apparel import value in 1983.

Articles imported specifically as parts of sets accounted for less than 1 percent of the total imports in each garment category, although the total value of these parts rose to $35 million in 1983—up 37 percent from the previous year. The number of such parts increased 29 percent in 1983 to 862 thousand dozen. Official U.S. Commerce Department statistics on wearing apparel imported as parts of sets are as follows:

Apparel imported as parts of sets	Quantity (1,000 dozens)		Value (1,000 dollars)	
	1982	1983 [1]	1982	1983 [1]
Blouses, women's	388.7	437.1	15,593	20,316
Coats, women's	29.7	56.5	3,463	6,104
Trousers, women's	185.0	183.8	3,222	3,383
Sweaters, women's	32.7	60.4	2,022	2,858
Trousers, men's	11.0	26.6	497	1,066
Dresses	.8	5.8	113	520
Shirts, men's	10.7	10.9	475	469
Robes	6.0	18.3	255	353
Coats, men's	2.8	3.1	260	337
Total	667.4	862.5	25,900	35,406

[1] Estimated based on imports during January-November 1983

In 1983, women's garments made up 94 percent of the total value of such articles, or $33 million. Women's blouses which were parts of sets accounted for 57 percent of total set parts imports, amounting to $20 million in 1983, and consisting mainly of blouses of man-made fibers. Garments imported as parts of sets in 1983 originated primarily in the countries of Hong Kong, Taiwan, Korea, and Thailand, with Hong Kong and Taiwan accounting for 57 percent of the value. None of the set parts were sourced from column 2 countries.

Section 117. Classification of Naphtha and Motor Fuel Blending Stock

(Originally introduced as H.R. 4232 by Mr. Brooks and H.R. 5455 by Mr. Glickman)

Section 117 would amend part 10 of schedule 4 of the TSUS in two respects. First, it would amend headnote 1 to provide that all naphthas containing less than 25 percent of any products contained in part 1 of schedule 4 (benzenoids), whether or not catalytic naphthas, would be classified in item 475.35 with a column 1 rate of duty of 0.25 cent per gallon. Secondly, it would create a new item 475.27 for "motor fuel blending stock" (other than naphthas provided for in item 475.35) which would be dutiable at the same rates applicable to motor fuel (1.25 cents per gallon in column 1 and 2.5 cents per gallon in column 2).

The first of these amendments is intended to equalize the tariff treatement of naphthas described as petroleum products and those

currently classifed as benzenoid chemicals. Currently, naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel) are classified under item 475.35 at a column 1 duty rate of 0.25 cent per gallon and a column 2 rate of 0.5 cent per gallon. Naphthas containing more than five percent dutiable benzenoid components, however, are currently classified as other mixtures of organic chemicals containing benzenoid chemicals in item 407.16 at a column 1 rate of 1.7 cents per pound plus 13.6 percent ad valorem, but not less than the highest rate applicable to any component materials, and a column 2 rate of 7 cents per pound plus 43.5 percent ad valorem, but not less than the highest rate applicable to any component material. This legislation would amend headnote 1 to part 10 of schedule 4 of the TSUS so that all naphthas containing less than 25 percent of any product contained in part 1 of schedule 4, whether or not catalytic naphthas, would be classified in item 475.35.

The duty assessed on the benzenoid mixture under the currently applicable tariff provision, item 407.16, has effectively stopped imports. This has resulted in an increase in idle production facilities for the importers. The proposed legislation is needed to maintain a constant supply of the product to the importers' plants.

The naphtha described in this section is a mixture of aliphatic (acyclic) and aromatic (benzenoid) compounds produced by catalytic reforming of crude petroleum. As a result of this reforming process, the final naphtha mixture usually contains betweens 30 and 40 percent benzenoid compounds of which 5 to 10 percent are dutiable under the TSUS.

This highly flammable product is used entirely in the blending of finished gasoline. It is not used for chemical conversions and is not and economical source of aromatic compounds.

At the present time, the product is produced in the United States by the major domestic petroleum firms. Since virtually all of it is used in the blending of finished gasoline, the level of production may vary greatly depending upon demand and inventory. Most of the producers are also importers of the product and would also benefit from the new duty rate.

Data regarding domestic production of the product is not readily available as the domestic producers captively consume the product in the blending of finished gasoline. The imported product may also be used in this process, depending upon demand for gasoline.

In 1982, U.S. imports of this naphtha mixture amounted to 190 million pounds from Venezuela and Argentina. The International Trade Commission did not find any imports from column 2 sources.

There were no imports of the product in 1978 and 1979 under item 407.16 (formerly item 403.90). Imports during 1980–82 were as follows:

Year	Quantity (pounds)	Value
1980	39,678,000	$5,875,000
1981	166,490,000	26,164,000
1982	189,676,000	24,826,000

From January 1981 through March 1983, the majority of the imports were duty-free as Venezuela and Argentina were GSP-designated countries during that time period. In 1980 and 1981, most imports were from Argentina. In 1982 the product was imported primarily from Venezuela, with small amounts coming from Argentina. During January-March 1983, imports amounted to 925 million pounds, primarily from Venezuela. From April through September 1983 there were virtually no imports of the product as GSP eligibility for products imported from Venezuela under item 407.16 was withdrawn.

The major importers of the product during this period were probably the domestic gasoline producers, including Beaumont Oil Co. and Sun Refining and Marketing Co.

According to industry sources, the product is not exported in significant quantities because nearly all of it is consumed domestically in the blending of finished gasoline.

Data for domestic consumption of this product is not readily available because most of it is directly consumed in gasoline production.

The amendments regarding motor fuel blending stock are intended to treat all such products which are used in the production of motor fuel and which are not more specifically provided for elsewhere in the schedules, in a manner equivalent to the tariff treatment currently provided in the TSUS for motor fuel. Naphthas provided for in item 475.35, as amended by legislation pending with this bill (H.R. 4232), would be dutiable at 0.25 cent per gallon as provided for therein; methyl alcohol or methanol imported for use in producing synthetic natural gas or for direct use as a fuel would continue to be classified in item 427.96; and ethyl alcohol or ethanol for nonbeverage purposes would continue to be classified in item 427.88.

This legislation was prompted by a change in classification practice of the U.S. Customs Service. Up until August, 1983, most motor fuel blending stocks or "unfinished gasoline" as it is sometimes referred to, was classified in item 475.25 as motor fuel.

However on August 17, 1983 the U.S. Customs Service issued a ruling (TD. 83-173) identifying the motor fuel standards to be used for classification of petroleum materials used as motor fuel. Under this ruling classification of an imported petroleum product as a motor fuel requires that the product meet one of the following ASTM specifications: D439—Automotive gasoline; D1655—Aviation turbine fuels; and D910—Aviation gasolines.

Thus, in order to qualify as automotive gasoline, an imported material must have an octane rating in the 87 to 93 range if leaded gasoline, or the 85 to 90 range if unleaded gasoline.

Motor fuel blending stock which generally does not meet these standards, then began to be classified under various TSUS provisions depending upon its composition. For example, if the product contains more than a de minimis amount of benzenoid additives (5 percent by Customs interpretation), it is classified as other mixtures of organic chemicals containing benzenoid chemicals in TSUS item 407.16 at a column 1 duty rate of 1.7 cents per pound plus 13.6 percent ad valorem, but not less than the highest rate applicable to any component material. Item 407.16 has a column 2 rate of 7

cents per pound plus 43.5 percent ad valorem, but not less than the highest rate applicable to any component material. Imports from designated beneficiary developing countries other than Venezuela are eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports from designated Caribbean countries are eligible for duty-free treatment under the Caribbean Basin Initiative (CBI).

If the product is a naphtha containing not over 5 percent by weight of benzenoid additives, it is classified under item 475.35, TSUS, which provides for naphthas derived from petroleum, shale oil, natural gas, or combinations thereof, at a column 1 rate of 0.25 cent per gallon and a column 2 rate of 0.5 cent per gallon. Imports, classified under this provision are not eligible for duty-free treatment under the GSP. Products classified under item 475.35 are excluded from the duty-free treatment of the CBI.

Other mixtures which do not qualify for classification under item 407.16 or item 475.35 are being classified as other mixtures not specially provided for in whole or in part of hydrocarbons derived in whole or in part from petroleum, shale oil, or natural gas, under item 432.10, TSUS, at a column 1 rate of 5 percent ad valorem, but not less than the highest rate applicable to any component material, and a column 2 rate of 25 percent ad valorem, but not less than the highest rate applicable to any component material. Imports classified under item 432.10 are not eligible for duty-free treatment under the GSP. They are, however, eligible under the CBI.

Still other mixtures are being classified under various provisions in part 2 of schedule 4, depending upon their chemical composition.

U.S. production figures for "unfinished gasoline" or motor fuel blending stock are not separately available. However, the U.S. Department of Energy published U.S. production data for petroleum products other than distillate and residual fuel oils and finished motor gasoline as shown in the following tabulation (in thousands of barrels per day):

Year:	*Production*
1979	4,153
1980	3,956
1981	3,739
1982	3,453
1983	3,498

Official U.S. Bureau of Census statistics on imports of "motor fuel blending stock" are not available. The U.S. Department of Energy, however, publishes statistics on U.S. imports of gasoline blending components as shown in the following tabulation (in thousands of barrels):

Year:	*Production*
1979	7,776
1980	8,374
1981	8,724
1982	14,105
1983	12,668

Principal supplying countries include the People's Republic of China, Mexico and Venezuela.

There were negligible exports of these products during 1979–83.

SECTION 118. CHIPPER KNIFE STEEL

(Originally introduced as H.R. 4765 by Mr. Albosta)

Section 118 would amend item 606.93 in subpart B of part 2 of schedule 6 of the TSUS to provide permanent duty-free treatment for imports of chipper knife steel which is not cold formed. The column 2 rate of duty would remain unchanged.

Appendix item 911.29, which currently provides for a temporary duty reduction on chipper knife steel, would be repealed.

"Chipper knife steel" is defined in headnote 2(h) (viii) of part 2B of schedule 6 as—

> "Alloy tool steel which contains, in addition to iron, each of the following elements by weight in the amount specified:
>
> Carbon: not less than 0.48 nor more than 0.55 percent;
> Manganese: not less than 0.20 nor more than 0.50 percent;
> Silicon: not less than 0.75 nor more than 1.05 percent;
> Chromium: not less than 7.25 nor more than 8.75 percent;
> Molybdenum: not less than 1.25 nor more than 1.75 percent;
> Tungsten: none, or not more than 1.75 percent;
> Vanadium: not less than 0.20 nor more than 0.55 percent."

Tool steels are used primarily to make tools capable of cutting, forming, or otherwise shaping other materials in the manufacture of virtually all industrial products. They are made in small lots and under very high quality-control conditions. Tool steels, produced largely in the form of rods or bars, are noted for their hardness, abrasive resistance, and heat resistance.

Virtually all of the particular type of alloy tool steel described in this legislation is used to make chipper knives. These knives are used in machines that chip trees and other wood to make pulp and wood fiber products. The wood chips produced by chipper knives have a variety of uses, including treatment of sewage, production of paper and corrugated boxes, and landscaping.

Although a number of domestic specialty steel producers are technically capable of manufacturing chipper knife alloy tool steel, there is only one known U.S. producer: Jessop Steel Corp., Washington, Pennsylvania.

Jessop produces its chipper knife bars by manufacturing chipper knife plate, for which bars are cut. The firm apparently has limitations on the sizes and tolerances of the chipper knife bars it can provide. Total domestic production is estimated at approximately 30 tons in 1983, valued at approximately $60,000.

Apparent U.S. consumption is estimated at approximately 2,000 tons in 1983. Four chipper knife manufacturers are reported to consume almost all of the chipper knife steel imported into or manufactured in the United States. The cost of such alloy tool steel represents approximately 80 percent of the cost of manufacturing the finished product; i.e., the chipper knife.

There were believed to be no exports of chipper knife steel in 1983.

Data on imports of chipper knife alloy tool steel are not separately detailed before 1980. Imports of chipper knife steel not cold formed were 1,896 tons in 1983 valued at $3.1 million. Imports from

1980–83 have ranged from 1,370 to 1,840 tons annually. It is estimated that imports of such chipper knife steel supply virtually all of total domestic consumption. Major export sources of chipper knife steel, not cold formed, are West Germany, Sweden, and Japan.

Chipper knife alloy tool steel, not cold formed, is provided for in TSUS item 606.93, subpart B, part 2, schedule 6 of the TSUS at a column 1 rate of duty of 8.3 percent ad valorem plus additional duties on certain alloys, and a column 2 rate of duty of 28 percent ad valorem plus additional duties on certain alloys. However, TSUS item 911.29 in the Appendix to the TSUS provides for the temporary reduction of the column 1 duty rate for chipper knife steel (provided for in TSUS 606.93) to 4.0 percent ad valorem until December 31, 1984.

Under the Trade Agreements Act of 1979, the final column 1 rate of this item will be reduced in stages to 6 percent ad valorem plus additional duties effective January 1, 1987.

CHIPPER KNIFE STEEL BARS (TSUS ITEM 606.93)

Year	Rates of duty.[1]
Pre-MTN	10.5 percent ad valorem plus additional duties.
1980	10.5 percent ad valorem plus additional duties.
1981	10.5 percent ad valorem plus additional duties.
1982	9.3 percent ad valorem plus additional duties.
1983	9.0 percent ad valorem plus additional duties.
1984	8.3 percent ad valorem plus additional duties.
1985	7.5 percent ad valorem plus additional duties.
1986	6.8 percent ad valorem plus additional duties.
1987	6.0 percent ad valorem plus additional duties.

[1] Effective with respect to articles entered, or withdrawn from warehouse for consumption on or after January 1.

Articles entered under TSUS item 606.93 have not been designated eligible for duty-free treatment under the Generalized System of Preference (GSP). Other types of chipper knife steel are imported under eight separate TSUS item numbers. These imports are not affected by the proposed legislation.

Finished chipper knives are classified under the provisions for other "knives and cutting blades for power or hand machines, other than agricultural or horticultural machines and for shoe machinery" (TSUS item 649.67). Articles entered under TSUS item 649.67 are dutiable at a column 1 rate of 4.2 percent ad valorem and a column 2 rate of 20 percent ad valorem. There products have been designated as eligible articles for the GSP.

Section 119. Gut for Surgical Sutures

(Originally introduced as H.R. 2776 by Mr. Ratchford)

Section 119 would amend part 13C of schedule 7 of the TSUS by deleting item 792.22 and inserting two new items in lieu thereof. New item 792.24 would provide for articles of gut "imported for use in the manufacture of surgical sutures" to be dutiable at rates of duty equivalent to those currently applicable to sterile surgical sutures and materials under TSUS item 495.10. New item 792.26 provides for "other" articles of gut and restates the tariff rate of item

792.22. The section also provides for the appropriate staged reduction of the applicable duties of these new items. Item 792.24 would be staged in the same manner as item 495.10 and item 792.26 would follow the same staging as old item 792.22.

The products covered by the proposed legislation consist of unfinished nonsterile sutures made from catgut. Catgut is a thin, tough, cord- or threadlike material made by twisting, drying, and processing one or more strands of tissue from the intestines of sheep, cattle, and hogs (but not cats). Such raw catgut is classified in item 190.25. Catgut is used in the manufacture of surgical sutures; strings for tennis rackets, other sports rackets, and musical instruments; and fishing tackle. Catgut used for surgical sutures is subject to more stringent quality standards than that used for other purposes. Raw catgut is generally sold in coils of varying lengths. When used in the manufacture of sutures, the gut is cut to the appropriate length and a needle is added, resulting in a nonsterile suture, classified in item 792.22. If sterilized and sterile-packed in inner and outer packages prior to importation, the suture would be classified in item 495.10. Catgut's chief advantage as a suture is that it can be absorbed by the body and, as such, is useful in certain internal operations. However, catgut sutures have been substantially replaced for surgical purposes by less expensive absorbable sutures of manmade materials; those of catgut now enjoy limited use, often due to the preference of the operating physician.

There is no known domestic production of surgical-quality raw catgut. Production of sterile sutures of all materials is estimated at $50 million annually; however, gut sutures comprise only a minor part of this production.

The value of imports of both raw gut covered under TSUS item 190.25 and miscellaneous articles of gut covered under TSUS item 792.22 fluctuated widely during 1972–82 but remained relatively low.

U.S. IMPORTS OF GUT AND ARTICLES OF GUT

[In thousands of dollars]

	1978	1979	1980	1981	1982
Catgut, whipgut, and Oriential gut (TSUS item 190.25)	522	500	339	17	80
Articles of gut n.s.p.f. (TSUS item 792.22)	131	8	6	70	41
Total	653	508	345	87	121

Italy, Australia, and West Germany were the most frequent suppliers of raw gut over the period. However, not all imports shown in the above table consisted of gut suitable for use in sutures; also included were imports of gut for racket and musical instrument strings and for fishing tackle.

Australia and West Germany were the most significant sources of articles of gut, not specially provided for (n.s.p.f.), during 1978–82; and nearly all these imports consisted of lengths of gut cut for use in sutures and of nonsterile gut sutures. There were no column 2 imports of any of the subject articles during the period.

The two largest U.S. producers of gut sutures, Ethicon and David & Geck, are the primary importers of these articles.

Raw catgut, uncut and sold in coils, is dutiable under TSUS item 190.25 at a column 1 rate of 12.4% ad valorem, an LDDC rate or 7.7% ad valorem, and a column 2 rate of 40% ad valorem. Gut that has been cut to suture length and nonsterile gut sutures, also covered by the proposed legislation, are dutiable as articles of gut under TSUS item 792.22 at the same rates as raw catgut. The duty rates for both items are eligible for staged rate reductions in column 1 rates of duty as provided for in the Tokyo round of the MTN and will be reduced to 7.7% effective January 1, 1987. Both of the items which cover these categories are also eligible for duty-free treatment under the Generalized System of Preferences (GSP).

Section 120. Duty-Free Treatment on Certain Previously Imported Articles

(Originally introduced as H.R. 5448 by Mr. Conable)

Section 120 would extend the duty-free treatment of item 801.00 of the Tariff Schedules of the United States (TSUS) to the reimportation of articles which were imported into the United States and then exported under lease or similar use agreement to an entity other than a foreign manufacturer. The intent of item 801.00 is to facilitate the entry into this country of reimported goods if the product has not been enhanced in value while abroad. The entent of this legislation is to extend the coverage of that provision to the reimportation of goods which were exported under lease to someone other than a foreign manufacturer; of particular concern are exportations under lease to a government or service industry.

Item 801.00 provides for free entry of the following:

> Articles, previously imported, with respect to which the duty was paid upon such previous importation, if (1) reimported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, after having been exported under lease to a foreign manufacturer, and (2) reimported by or for the account of the person who imported it into, and exported it from, the United States . . . .

This language, with minor alterations for clarity, was taken from paragraph 1615(a) of the Tariff Act of 1930, as amended, August 16, 1954.

Item 801.00 may be applied to any type of article. However, it appears to be primarily applied to the reimportation of injection molds for plastic or rubber products, such as combs, plastic houseware items, toys, or tires. The molds are manufactured of steel and generally range in price from $8,000 to $80,000. Other reimported articles entered under item 801.00 include dies of all kinds and general tooling equipment such as jigs, fixtures, and CNC machine lathes.

The value of U.S. imports entering under item 801.00 increased from $21.5 million in 1979 to approximately $33.5 million in 1983, or by 61 percent. There had been a continual increase in value up to 1982, then a slight decline in 1983. However, the first quarter of

1984 indicates a 22 percent increase ($8,997,000) over the corresponding quarter of 1983. Based on 1983 data, Australia accounted for the largest share of imports in this provision, followed by West Germany and Canada. Imports from Australia accounted for 25 percent of total 801.00 imports, West Germany accounted for about 24 percent, and Canada approximately 20 percent.

SECTION 121. DUTY-FREE TREATMENT OF ARTICLES EXPORTED FOR PURPOSE OF RENDERING CERTAIN GEOPHYSICAL OR CONTRACTING SERVICES

(Orginally introduced as H.R. 2471 by Mrs. Boggs)

Section 121 would provide permanent duty-free entry of articles exported and returned and used in the rendition of geophysical or contracting services in connection with the exploration for, or the extraction or development of, natural resources, and having been imported by or for the account of the person who exported them.

Articles covered by this legislation would be foreign-manufactured equipment used for the purposes stated above and which have unique operating and performance characteristics. The equipment would be capable of being used in both domestic and foreign operations by U.S. firms for providing geophysical and contracting services in the search for, or development of, natural resources.

Duty-free entry provided by this provision would only be available under this legislation if duty had been previously paid upon importation of the equipment and only if it is reimported by the party or firm who exported, or caused the exportation of, the equipment prior to its reimportation. Thus, the legislation would strive to relieve parties of multiple application of duty but would not affect the requirement for payment of duty upon initial importation.

Customs law, as set forth in the Tariff Act of 1930, does not provide a general exemption from the assessment of duty on commodities which previously were imported into the United States and for which duty was paid. With the exception of certain narrowly defined categories of commodities, the dutiable status of an article is not affected by the fact of prior entry, and U.S Customs has determined that multiple duties may be collected on foreign-manufactured articles which are repeatedly reexported and then reimported.

The foreign-manufactured articles covered by this legislation are not separately provided for in the TSUS. They are currently provided for in, and account for varying percentages of the value of imports which enter under numerous TSUS item numbers, chiefly in schedule 6 of the TSUS. The rates of duty applicable to such imported equipment vary, but most of the equipment does not enter free of duty. The proposed item 802.50 would allow the subject articles to enter free of duty from all sources, if exported for the specified temporary uses abroad and if the other criteria mentioned above are met.

Section 122. Implementation of Customs Convention on Containers, 1972

(Originally introduced as H.R. 3158 by Mr. Gibbons)

Section 122 would provide for the duty-free entry of repair parts, accessories and equipment of temporarily admitted containers thereby bringing United States customs treatment into conformity with the Customs Convention on Containers, 1972.

Under current law, there is no allowance for the temporary duty-free admission of container repair parts, accessories and equipment. The amendments in section 122 would give the authority to enter such articles under item 808.00 of the TSUS and the governing headnote 1 of subpart C of part 1 of schedule 8, TSUS. A conforming amendment to subsection 322(a) of the Tariff Act of 1930 (19 U.S.C. 1322(a)) would give the Secretary of the Treasury the authority to except these vehicles in international traffic from the application of the Customs laws in order to facilitate their movement pursuant to the Convention.

Section 123. Scrolls or Tablets Used in Religious Observances

(Originally introduced as H.R. 5410 by Mr. Matsui)

Section 123 would amend part 4 of schedule 8 of the TSUS by creating a new item 854.40 in order to extend duty free treatment to scrolls or tablets of wood or paper, commonly known as Gohonzon, imported for use in public or private religious observances.

Gohonzon are either tablets or scrolls. The tablet form is principally used by institutions (e.g., temples) and is made of wood approximately 2 inches thick, 2 feet wide, and 4 feet long. The wooden tablets are carved by the Buddhist high priest. There are only a few of this type of Gohonzon imported into the United States due to their limited use. These objects are considered by Buddhist believers to be extremely respected objects of worship and are the focal point of the religion.

The principal user of Gohonzon is the Japanese Buddhist sect Nishiren Shoshu, a 750 year old denomination first introduced into the United States in the 1950s by Japanese wives of U.S. military personnel. At present, there are 6 temples, 37 community centers, and 2 training centers, with an estimated 300,000 believers.

There are no domestic producers of Gohonzon since the high priest in Japan must either inscribe or oversee the inscription of the item. Each temple in the United States imports its Gohonzon. Once a believer has demonstrated a prescribed level of commitment, a priest presents the believer with a Gohonzon. Thus, the priesthood controls the manufacture and distribution of this item.

Japan is the sole source of Gohonzon. There were approximately 32,000 Gohonzon imported into the United States in the period 1979–83. An estimated 2,000 items were imported during 1979 and 1980, around 3,000 items during 1981 and 1982, and an estimated 22,000 in 1983.

There are no U.S. exports of Gohonzon.

Gohonzon normally enter the United States under item 207.00 of the TSUS. This provision covers all articles made of wood which

are not specifically provided for elsewhere. Since the only source of Gonhonzon is Japan, the column 1 rate of duty is the only applicable rate and is presently 6.2 percent.

Section 131. Fresh, Chilled, or Frozen Brussels Sprouts

(Originally introduced as H.R. 4825 by Mr. Conable)

Section 131 would provide for a temporary reduction in the column 1 rate of duty on fresh, chilled or frozen Brussels sprouts, whether or not cut, sliced, or otherwise reduced in size, but not otherwise prepared or preserved until December 30, 1987. These vegetables are currently classified in two items of the TSUS. Brussels sprouts which are fresh, chilled, or frozen, but not reduced in size nor otherwise prepared or preserved, are classified in TSUS item 137.71, dutiable at a column 1 rate of 25 percent ad valorem. Brussels sprouts which are fresh, chilled, or frozen, and also cut, sliced, or otherwise reduced in size (but not otherwise prepared or preserved) are classified in TSUS item 138.46, dutiable at a column 1 rate of 17.5 percent ad valorem.

The legislation would create two new tariff items 903.30 and 903.33 in subpart B, part 1 of the Appendix to the TSUS. The first, providing for those Brussels sprouts which are covered by TSUS item 137.71, would impose a column 1 duty rate of 12.5 percent ad valorem on Brussels sprouts, fresh, chilled or frozen but not reduced in size and not otherwise prepared or preserved. The second, covering the Brussels sprouts classified in TSUS item 138.46, would assess a column 1 duty rate of 7 percent ad valorem on Brussels sprouts, fresh or chilled, and cut, sliced or otherwise reduced in size, but not otherwise prepared or preserved. The legislation would have no effect on the column 2 rates of duty. This temporary duty reduction would apply to imports entered, or withdrawn from warehouse for consumption, on or after the 15th day of the enactment of this Act.

Brussels sprouts are the heads of the Brussels sprout plant (*Brassica oleracea,* var. *gemmifera*), a cool-season biennial variety of cabbage, having many miniature heads formed along the stem at the base of leaves (rather than one large head formed at the top of a short stem). Some growers prefer them to other vegetables because of their adaptability to the fall and winter growing season and their hardiness to cold weather. Because their cultural requirements are similar to other important members of the same plant family, such as cabbage, broccoli, and cauliflower, Brussels sprouts are usually grown along with these vegetables, often on the same farms.

In recent years, increasing quantities of Brussels sprouts have gone to processing, mainly freezing; they are considered very perishable and must be refrigerated or processed immediately after harvesting. Thus, Brussels sprouts are used primarily in some processed form, including boiled, baked, or steamed—often as a side dish with meats or in soups, casseroles, and sauces. Brussels sprouts are a very nutritious cooked vegetable, low in calories, high in fiber, and rich in vitamins and minerals.

Most of the Brussels sprouts intended for fresh market or for processing are grown in central California, especially the Monterey and Santa Cruz-San Mateo coastal areas; limited production also takes place in New York, Michigan, and Minnesota. In recent years, an estimated 85 growers harvested this vegetable from about 5,500 acres. The number of farms in Brussels sprouts production has declined in recent years, but the planted acreage on the remaining farms has remained about the same. The amount of land devoted to Brussels sprouts on each of these farms averages about 100 acres.

During 1979–83, domestic production of Brussels sprouts fell 16 percent, from 77.0 million pounds valued at $15.9 million in 1979, to an estimated 64.9 million pounds valued at $15.6 million in 1983. In recent years, virtually all domestic production of Brussels sprouts for fresh market and processing was in California. Most of this production was during September–February.

U.S. imports of fresh, chilled, or frozen Brussels sprouts under TSUS item 137.71 rose 69 percent, from 7.5 million pounds in 1979 to 12.7 million pounds in 1983; the value of imports in 1983 was $3.8 million. Fresh or chilled Brussels sprouts accounted for about two-thirds of the total, while the remainder consisted of the frozen vegetable. Mexico is historically the leading foreign supplier of Brussels sprouts, accounting for over 90 percent of the imports during 1979–82 before declining to 66 percent in 1983. Mexico supplies virtually all imports of fresh or chilled Brussels sprouts. Imports of frozen Brussels sprouts, especially from Guatemala and Canada, have risen in recent years; those two suppliers accounted for 46 percent and 21 percent, respectively, of total imports of the frozen product (by quantity) in 1983.

U.S. imports of Brussels sprouts, fresh, chilled, or frozen, and cut, sliced, or otherwise reduced in size (but not otherwise prepared or preserved), classified under TSUS item 138.46 are believed to be negligible or nil. Precise data is not available since this tariff item is a residual provision covering many vegetables.

During 1979–83, annual U.S. exports of fresh or chilled Brussels sprouts averaged 3.6 million pounds valued at $943,000. Virtually all exports went to Canada. Exports of frozen Brussels sprouts are believed negligible or nil.

Apparent U.S. consumption of Brussels sprouts tended to decline during 1979–83, falling from 82.3 million pounds to 75.4 million pounds. Brussels sprouts are a relatively minor vegetable in the American diet. The ratio of imports to consumption rose from 9 percent in 1979 to 17 percent in 1982 and 1983, reflecting both the drop in domestic output and the increase in imports.

Section 132. Beta-Naphthol

(Originally introduced as H.R. 4087 by Mr. Moore)

Section 132 would provide for a three-year suspension of the duty of Beta-naphthol until September 30, 1987.

The synthetic organic chemical, Beta naphthol, is derived from naphthalene. Currently, this chemical is principally used as an intermediate in the production of pigments and dyes. Previously, the

main use was as an antioxidant in synthetic rubber; however, this use has declined in the past few years. It is also used in the productio of fungicides, pharmaceuticals, perfumes, and as an antiseptic. There are no significant differences in the quality of the domestic and foreign products.

In 1981, imports of Beta naphthol, by quantity, were 2.9 million pounds. The majority of these imports were from Poland, Italy and West Germany. Smaller amounts were also imported from Taiwan and the People's Republic of China. The imports from Italy were primarily shipped to Montedison USA, Inc., while imports from West Germany were shipped to American Hoechst Corporation. It is believed that there are approximately 8–10 importing firms in addition to the two just mentioned which import this product. There were no imports from column 2 sources.

U.S. imports for the past 5 years were as follows:

Year:	*Quantity (pounds)*
1978	3,236,000
1979	2,204,000
1980	6,500,000
1981	2,893,000
1982	2,900,000

Since 1982, industry sources estimate exports of this chemical have been nil because of the cessation of domestic production. Prior to 1982, export data on this chemical are not available since Beta-naphthol is classified in a residual (basket) Schedule B number for alcohols.

Data for domestic consumption of Beta-naphthol are not available, however, an industry source indicated that domestic consumption was essentially the same as domestic produciton during 1971–81. In 1982, imports accounted for a more significant portion of domestic consumption, especially in the latter half of that year.

As a result of the Trade Agreements Act of 1979, Beta-naphthol is presently classified in TSUS item 403.29 (other naphthols). Item 403.29 has a column 1 (MFN) rate of duty of 22.4 percent ad valorem and is scheduled to be reduced to a column 1, MFN, duty of 20 percent by January 1, 1987, under the staged rate reduction within the framework of the Tokyo round of the MTN. The column 2 rate is 7 cents per pound plus 73 percent ad valorem; the LDDC rate is 20 percent ad valorem. The chemicals classified in item 403.29 are not eligible for duty free entry under the Generalized System of Preferences (GSP).

Section 133. 4-Chloro-3-Methylphenol

(Originally introduced as H.R. 4329 by Mr. Crane)

Section 133 would amend item 907.08 of the Appendix of the Tariff Schedules of the United States to provide for the extension of the temporary suspension of duty on 4-chloro-3-methylphenol provided for in item 403.56 by striking out "6/30/84" and inserting in lieu thereof "6/30/87".

The synthetic organic chemical, 4-chloro-3-methylphenol, is derived from m-cresol. It is used primarily as a biocide and an antioxidant in the manufacture of machine cutting oils, in certain spe-

cialty products such as antidandruff shampoos and hand lotions, and in sensitive films such as X-ray and microfilms to protect these products during prolonged storage. It is also used as a chemical intermediate in the manufacture of more complex chemical products.

Imports into the United States of 4-chloro-3-methylphenol for 1980 and 1981 were 106,293 pounds and 274,472 pounds respectively.

The duty on 4-chloro-3-methylphenol was temporarily suspended under Section 230 of Public Law 97-446, enacted on January 12, 1983. The law suspended the duty until June 30, 1984. This legislation would extend the suspension for an additional three years until June 30, 1987.

Prior to the temporary suspension of duty, 4-chloro-3-methylphenol entered the United States under item 403.56 of the Tariff Schedules of the United States (TSUS). This item is a residual category of phenol derivatives which are listed in the Chemical Appendix of the Tariff Schedules.

If the suspension were not extended, 4-chloro-3-methylphenol would again be dutiable at the rate applicable to TSUS item 403.56. The current column 1 rate for item 403.56 is 1.1 cents per pound plus 19.4 percent ad valorem. This rate is scheduled to decline annually under staged rate reductions until it reaches 0.7 cent per pound plus 19.4 percent ad valorem in 1987.

Other rates of duty applicable to TSUS item 403.56 are an LDDC rate of 0.7 cent per pound plus 19.4 percent ad valorem and a column 2 rate of duty of 7 cents per pound plus 52 percent ad valorem.

Section 134. Tetra Amino Biphenyl

(Originally introduced as H.R. 5389 by Mr. Vander Jagt)

Section 134 would suspend the duty on 3,3-diaminobenzidine commonly called tetra-aminobiphenyl until September 30, 1988.

Tetra-aminobiphenyl is a synthetic organic chemical produced from petroleum and considered to be toxic. This product is copolymerized with diphenyl isophthalate to produce a high-temperature-resistant polybenzimidazole. The domestic producer of this polymer then uses it to make fibers, which are used in space suits for NASA and other high-temperature-resistant applications (e.g., aircraft construction).

At the present time, this chemical is not produced in the United States. The sole importer does not have any immediate plans to build a plant to produce the chemical because of the high construction cost involved (approximately $20-25 million), since the product has a single end use. According to the importer, efforts to find a domestic source for this product have not been successful.

Prior to 1981, this chemical was not imported into the United States in commercial quantites. In 1981, U.S. imports of this chemical from West Germany amounted to 7,003 pounds, valued at approximately $280,000. Imports of this chemical in 1982 amounted to 11,776 pounds, valued at approximately $170,000. According to the only U.S. importer, Celanese Chemical Company of Dallas, Texas, 1983 imports amounted to approximately 20,000 pounds, valued at

$300,000. Because the chemical is classified in a basket tariff item, separate official statistics are unavailable.

There are no exports of this chemical from the United States, since all imports are consumed domestically in the production of the polymer.

Since there is no domestic production, domestic consumption is essentially the same as the quantity of imported tetra-aminobiphenyl.

Since July 1, 1980, tetra-aminobiphenyl has been classified in TSUS item 404.90, a residual or "basket" provision created by Presidential Proclamation 4768 (45 F.R. 45135,45149). It is dutiable at a column 1 rate of 13.5 percent ad valorem; no preferential rate is afforded to imports from least developed developing countries. The column 2 duty rate is 7 cents per pound plus 60 percent ad valorem. The column 1 duty rate is not scheduled to be reduced through staging.

Imports of this chemical are not eligible for duty-free entry under the Generalized System of Preferences (GSP). However, imports from designated beneficiary countries are eligible for duty-free entry under the Caribbean Basin Initiative.

Section 135. 6-Amino-1-Naphthol-3-Sulfonic Acid

(Originally introduced as H.R. 4088 by Mr. Moore)

Section 135 would provide for a temporary suspension of duty on 6-amino-1-naphthol-3-sulfonic acid otherwise known as J-Acid until September 30, 1987.

J-Acid is a chemical used extensively as an intermediate for dyestuff manufacture with major uses for coloring paper products, cotton products, viscose and fiberglass. The primary paper usages include bathroom tissues, towels, napkins, facial tissues, stationary and business forms. The only reported U.S. producer was American Color and Chemical Corporation, which discontinued production in 1981. Current sources of supply are from Italy, West Germany, Japan and China (People's Republic). Total imports in 1981 were reported to be 815,000 pounds.

This chemical is curently provided for under item 405.00 of the TSUS with has an MFN, column 1 duty rate of 9.2% ad valorem. The column 2 rate of duty is 7 cents per pound plus 51% ad valorem. The LDDC rate of duty is 6.8% ad valorem. This item is scheduled for annual staged reductions to 6.8% ad valorem in 1987 within the framework of the Tokyo round of the Multilateral Trade Negotiations (MTN). This item is not eligible for duty-free entry under the Generalized System of Preferences (GSP).

Section 136. DSA

(Originally introduced as H.R. 4089 by Mr. Moore)

Section 136 would provide for a temporary suspension of duty on 2-(4-aminophenyl)-6-methylbenzothiazole-7-sulfonic acid until September 30, 1987.

This chemical, which is also known as dehydrothiotoluidine sulfonic acid (DSA), is an intermediate used primarily for production

of dyes used in the paper manufacturing business. There are no known domestic suppliers for this intermediate since the discontinuation of production by DuPont at the end of 1979. All current imports come from Europe and imports were reported to be 405,000 pounds in 1981. DSA is a major component and a significant cost factor in U.S. paper dye production.

DSA is provided for under item 406.39 of the TSUS, currently has a MFN, column 1 duty rate of 17 cents per pound plus 16.2% ad valorem. The column 2 rate is 7 cents per pound plus 52% ad valorem. This chemical is not eligible for duty-free entry under the Generalized System of Preferences (GSP).

Section 137. Guanidines

(Originally introduced as H.R. 3445 by Mr. Conable)

Section 137 would suspend the duty on diphenyl guanidine and di-ortho-tolyl guanidine until the close of September 30, 1987.

DPG (diphenyl guanidine) and DOTG (di-ortho-tolyl guanidine) are two synthetic organic chemicals produced, in part, from benzene and toluene derivatives and used as intermediates in the U.S. rubber industry. Both chemicals are used as curing accelerators for synthetic and natural rubbers which are ultimately used in the production of automobile tires and shoe soles. The major users of DPG and DOTG are the U.S. tire manufacturers, such as: Goodyear, B.F. Goodrich, Uniroyal, Firestone and General Tire.

There is no known U.S. producer of these materials.

DPG and DOTG are classified under TSUS item 405.52. The current column 1 rate of duty is 17.3 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 61 percent ad valorem. The LDDC rate is 15 percent ad valorem. Imports are not eligible for duty-free treatment under the Generalized System of Preferences (GSP).

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to 15 percent ad valorem on January 1, 1987.

Section 138. Certain Antibiotics

(Originally introduced as H.R. 4035 by Mr. Jacobs)

Section 138 would suspend the duty on (6R,7R)-7-[(R)-2-Amino-2-phenylacetamido]-3-methyl-8-oxo-5-thia-1-azabicyclo [4.2.0] oct-2-ene-2-carboxylic acid disolvate through September 30, 1987. This chemical is a high-technology organic intermediate used in the manufacture of a semi-synthetic antibotic. The semi-synthetic antibiotic is used domestically and also is widely exported to countries such as Japan and other foreign markets for the treatment of infectious diseases.

As a result of the Trade Agreements Act of 1979, this intermediate chemical is currently classified in TSUS item 406.42 (other heterocyclic compounds). Item 406.42 has a column 1 duty rate of 13.5 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 52 percent ad valorem. The column 1 rate of duty is not sched-

uled for annual staged reduction within the framework of the Tokyo round.

Imports of the chemical are not eligible for duty-free entry under the Generalized System of Preferences (GSP).

SECTION 139. ACETYLSULFAGUANIDINE

(Originally introduced as H.R. 4899 by Mr. Frenzel)

Section 139 would suspend the duty on acetylsulfaguanidine until the close of September 30, 1987.

Acetylsulfaguanidine is a synthetic organic chemical used in the production of sulfaguanidine. This chemical is used primarly to produce a sulfa drug, sulfamethazine. In the United States, this drug is used mainly to combat bacterial infections in animals. Domestic producers generally have the facilities to produce this sulfa drug from either acetylsulfaguanidine or sulfaguanidine. As a result, the selection of either chemical by the consumer usually depends on the price and availability of these chemicals.

At the present time, this chemical is not produced in the United States. According to a major importer, this chemical is not produced in the United States for a number of reasons such as high production costs, competitively-priced imports, and environmental concerns with the by-products.

According to a major importer, U.S. imports of this chemical in 1983 amounted to approximately 60,000 pounds, mainly from West Germany. During 1979–82, the International Trade Commission (ITC) found imports for only 1979 and 1980, amounting to 757,742 pounds and 198,370 pounds, respectively. The ITC did not find any imports from column 2 sources.

The major importers of acetylsulfaguanidine during 1979, 1980, and 1983 were Salsbury Laboratories, Charles City, Iowa, and Olavson Industries, Inc., New York, New York.

There are no exports of this chemical from the United States, since all imports are consumed domestically in the production of sulfamethazine which is more likely to be exported.

Since there is no domestic production, domestic consumption is essentially the same as the quality of imported acetylsulfaguanidine.

Since July 1980, acetylsulfaguanidine has been classified in TSUS item 406.56, other sulfonamides provided for in the Chemical Appendix to the Tariff Schedules, a provision created by Presidential Proclamation 4768. It is dutiable at a column 1 rate of 1.7 cents per pound plus 18 percent ad valorem; no preferential rate is afforded to imports from least developed developing countries. The column 2 duty rate is 7 cents per pound plus 57.5 percent ad valorem. The column 1 duty rate is not scheduled to be reduced through staging.

Imports of this chemical are not eligible for duty-free entry under the Generalized System of Preferences (GSP). However, imports from designated beneficiary countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

SECTION 140. FENRIDAZON-POTASSIUM

(Originally introduced as H.R. 5339 by Mr. Schulze)

Section 140 would temporarily suspend the duty on mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate (fenridazon-potassium) and formulation adjuvants until September 30, 1987.

This product, which is also known as fenridazon-potassium is a synthetic organic chemical produced from specialty organic chemicals and then mixed with formulation adjuvants in an aqueous solution. At this time, its only known commercial use is as a plant growth regulator. This chemical inhibits the development of pollen onwheat, allowing the hybrid wheat seed to develop by selective cross-pollination. The only commonly used alternative to this method is to breed in male pollen sterility by using the cytoplasmic male sterile system. This, however, is an expensive and time-consuming procedure.

Fenridazon-potassium is manufactured only in the United States, solely by Rohm and Haas Company for exclusive use by an affiliate, Rohm and Haas Seeds, Inc. Production facilities are located in Philadelphia and Bristol, Pennsylvania. Rohm and Haas began manufacturing this chemical in 1981 and has patents in the United States and other major western countries. It has no plans to sell this product to any company in the United States or in any other country. According to a company spokesman, demand is currently greater than present production capacity. However, the firm has decided to transfer production to facilities in the United Kingdom rather than build a multi-million dollar plant in the United States dedicated to production of this product.

There was no U.S. production of mixtures of fenridazon-potassium and its formulation adjuvants prior to 1981. In 1982, domestic production data were reported to the International Trade Commission. However, these data are not publishable because they would reveal confidential business information.

There were no imports of this chemical or its mixtures during 1979–83.

There have been no exports of these products since all of the U.S. production has been for intracompany use at domestic plants.

Current U.S. production and consumption data are not included in this report because they would reveal confidential business information.

Mixtures of fenridazon-potassium and its formulation adjuvants are classified as pesticides in TSUS item 408.38, a provision created by Presidential Proclamation 4768 (45 F.R. 45135). Item 408.38 has a column 1 duty rate of 0.8 cents per pound plus 9.7 percent ad valorem and a column 2 rate of 7 cents per pound plus 31 percent ad valorem. No preferential rate is provided for imports from least developed developing countries. However, articles imported from designated beneficiary developing countries and classified under item 408.38 are eligible for duty-free entry under the Generalized Systems of Preferences (GSP) and imports from designated Caribbean Basin countries are eligible for duty-free treatment under the Car-

ibbean Basin Initiative (CBI). The column 1 duty rate is not scheduled to be reduced through staging.

SECTION 141. UNCOMPOUNDED ALLYL RESINS

(Originally introduced as H.R. 5751 by Mr. Gejdenson)

Section 141 would amend item 907.16 of the Appendix to the TSUS to continue until September 30, 1986, the suspension of the column 1 rate of duty on uncompounded allyl resins, provided for in item 408.96, subpart C of part 1 of schedule 4. The column 2 rate of duty would remain unchanged.

Allyl resins are a special class of polyester resins derived from esters of allyl alcohol and dibasic acids. The resins are prepolymer and include two compounds of commercial significance, diallyl phthalate and diallyl isophthalate, known by the acronyms DAP and DAIP, respectively.

DAP and DAIP prepolymer resins exhibit excellent electrical properties such as high insulation resistance and low electrical losses at temperatures in excess of 400 degrees Fahrenheit. Because of these properties, about 75 percent of DAP and DAIP molding compounds is consumed domestically in the manufacture of high performance electrical/electronic connectors in communications, computer, and aerospace systems. The remaining 25 percent is used in the manufacture of other electrical/electrical parts such as bobbins, switches, and circuit boards.

Although separate production data are not available for DAP and DAIP prepolymer resins since Cosmic Plastics Inc. is the only domestic producer, industry sources estimate that the domestic output of DAP and DAIP prepolymer resins probably did not exceed 5 million pounds nor $4 million annually during 1979–83. The DAP prepolymer resins reportedly represented 70 percent or better of the aggregated annual volume and value of production during 1978–83.

Imports statistics for the allyl prepolymer resins and allyl molding compounds covered here by item 408.96 did not become separately available until January 1, 1978, and are shown below for 1979–83:

Year	Quantity (pounds)	Value
1979	1,716,000	$2,486,000
1980	2,062,000	2,952,000
1981	2,321,000	2,948,000
1982	1,641,000	2,574,000
1983	1,889,000	2,818,000

For the period January through April 1984, these imports amounted to 657,458 pounds, valued at $1,045,329, or at an annualized rate in excess of 2.0 million pounds, valued at about $3.1 million. These statistics include data not only for DAP and DAIP prepolymer resins but also for DAP and DAIP molding compounds.

Some of these allyl molding compounds imports are replacing previous U.S. production which used the allyl prepolymer resins

made by FMC. Japan was the principal source of the above imports.

There are five domestic producers of DAP and DAIP molding compounds and they now import the prepolymer resins.

Official export statistics for allyl prepolymer resins and allyl molding compounds are not separately available. However, industry sources estimate that annual exports of DAP and DAIP prepolymer resins were probably less than 400,000 pounds per year during 1979–83, while an additional 100,000 to 300,000 pounds of these resins have been exported annually during this period in the form of molding compounds. Western Europe reportedly was the principal market for all of these exports. FMC was the chief exporter of the DAP and DAIP prepolymer resins, while the aforementioned producers of the allyl molding compounds were the leading exporters of these materials.

Industry sources estimate that 1979–83, domestic consumption of DAP and DAIP prepolymer resins annually exceeded domestic production by more than 50 percent. Imports have accounted for most of domestic consumption since 1980.

These sources estimate that domestic consumption of DAP and DAIP prepolymer resins amounted to less than 4.5 million pounds during 1979–83. Competition from newer resins for the electrical/electronic market was reported to be the reason for the early no-growth situation, and the economic downturn, for the drip in 1980–82. Continued competition from newer resins limited the recovery of these products when economic conditions improved in 1983.

The column 1 rate of duty applicable to imports of allyl resins covered by TSUS item 408.96 is 7.4 percent ad valorem. This rate represents the fifth of eight annual reductions, the first of which was effective July 1, 1980. These staged duty modifications, negotiated under the Tokyo Round of Mulitlateral Trade Negotiations (MTN), are shown in the following tabulation:

Year	Rate of duty effective with respect to articles entered on or after January 1.
1980	0.7 cents per pound plus 9 percent.
1981	9 percent.
1982	8.4 percent.
1983	7.9 percent.
1984	7.4 percent.
1985	6.9 percent.
1986	6.3 percent.
1987	5.8 percent.

The column 2 rate of duty is 7 cents per pound plus 45 percent ad valorem and the LDDC rate is 5.8 percent ad valorem. Allyl resins imported from all beneficiary developing countries are eligible for duty-free entry under the Generalized System of Preferences (GSP). In addition, such imported articles if the product of designated beneficiary countries under the Caribbean Basin Initiative (CBI) are also eligible for duty-free entry.

SECTION 142. SULFAMETHAZINE

(Originally introduced as H.R. 4381 by Mr. Frenzel)

Section 142 would amend subpart B of part 1 of the Appendix of th TSUS by inserting a new item 907.24 to suspend both the MFN, column 1 duty and the column 2 duty on sulfamethazine, provided for in item 411.36, part 1C, schedule 4, until September 30, 1987.

Sulfamethazine is principally used as a low level additive in cattle and other animal feeds, where it functions as a growth promoter. In addition, it is used for treating certain bacterial and microbial infections in humans and animals. The medicinal use of this product has declined, due to the development of resistant strains of infective organisms and to competition from penicillin and other antibiotics. Sulfamethazine may be administered orally, in powder or tablet form, or used externally, in powder or ointment form.

Separate import statistics for sulfamethazine on a calendar-year basis are available only for 1981 and 1982. Prior to July 1, 1980, sulfamethazine was classified in item 407.85, along with many other drugs; and separate import statistics are not available. Import levels in 1981 were 1.1 million pounds valued at $4 million and in 1982 were 1.5 million pounds valued at $5.1 million.

Exports of sulfamethazine are classified in Schedule B items 435.7160 (anti-infective sulfonamides, not artificially mixed and not put up in measured doses) and 442.1700 (sulfonamide preparations, n.s.p.f., put up in measured doses), along with all other sulfonamide anti-infective agents. Separate export statistics are not available. However, exports of this product during the period 1980–82 are believed to have been nil.

Specific figures on domestic consumption are not available, due to the lack of precise data on production. However, the International Trade Commission estimates that the total U.S. consumption was 1.9 million pounds in 1979, increasing to 2.4 million pounds in 1982. Because exports are nil, total U.S. consumption is estimated to be the sum of U.S. production and U.S. imports. In 1979 imports were estimated to be 27 percent of consumption and in 1982 imports were estimated to be 64 percent of consumption.

Sulfamethazine is classifiable in TSUS item 411.24, a provision created by the President in Proclamation No. 4768 effective July 1, 1980. The current column 1, MFN, rate of duty is 11.9 percent ad valorem and the LDDC rate is 8.0 percent ad valorem. The column 2 rate applicable to this item is 7 cents per pound plus 80 percent ad valorem.

This item was eligible for staged rate reductions under the Tokyo round of MTN and the column 1 rate of duty will decrease to 8% by 1987, where it is scheduled to remain.

In March 1983, sulfamethazine was added to the list of articles eligible for duty-free entry when imported from countries designated in general headnote 3(c) of the TSUS as beneficiary developing countries under the Generalized System of Preferences (GSP). By suspending the duties applicable to imports from countries not designated under the GSP, this legislation would temporarily eliminate any advantage, in terms of the cost of duties, which now

exists as to imports of this product from beneficiary developing countries.

SECTION 143. SULFAGUANIDINE

(Originally introduced as H.R. 4382 by Mr. Evans)

Section 143 would amend subpart B of part 1 of the Appendix of the TSUS by inserting a new item 907.37 to suspend both the MFN, colimn 1 duty and the column 2 duty on sulfaguanidine, provided for in item 411.27, part 1C, schedule 4, until September 30, 1987.

Sulfaguanidine is principally used as a low level additive in cattle and other animal feeds, where it functions as a growth promoter; as an intermediate in the production of sulfonamides; and as an anti-infective agent in treating certain bacterial and microbial infections in humans and animals. The medicinal use of this product has declined, due to the development of resistant strains of infective organisms and to competition from penicillin and other antibiotics. Sulfaguanidine may be administered orally, in powder or tablet form, or used externally, in powder or ointment form.

Imports of sulfaguanidine enter the United States under item 411.27 of the TSUS, along with several other drugs; and separate import statistics are not available. Exports of this product are believed to be nil.

Specific figures on domestic consumption are not available, due to the lack of production and import data. However, it is estimated that total U.S. consumption of sulfaguanidine is less than 250,000 pounds per year.

Sulfaguanidine is classified in TSUS item 411.27, along with three other enumerated products. The current and negotiated column 1, MFN rate of duty is 18.1% ad valorem, and the current LDDC rate is 11.6% ad valorem. The column 2 rate, applicable to this item is 7¢ per pound plus 128.5% as valorem. This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate will be gradually reduced to 11.6% by 1987. Imports of sulfaguanidine are not eligible for duty-free entry under the GSP.

SECTION 144. TERFENADINE

(Orginally introduced as H.R. 3312 by Mr. Vander Jagt)

Section 144 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 907.25 to suspend the column 1, MFN, duty on terfenadine, provided for in item 411.58, part 1C, schedule 4, until the close of September 30, 1987. There will be no change in the column 2 rate.

Currently, the Food and Drug Administration (FDA) lists terfenadine as an investigatory new drug not approved for use in the United States. The product, if approved, will be sold under the trademark Seldone.

According to the prospective importer, terfenadine is marketed in Europe as an antihistamine. The exact medical conditions for which terfenadine will be used in the United States will not be

known until after FDA approval is obtained. The product is already being marketed in Europe and Canada.

Terfenadine has been imported into the United States for clinical trials under TSUS item 411.58 as an antihistamine not provided for in the Chemical Appendix to TSUS.

The column 1, MFN, rate of duty is 9.2 pecent ad valorem and has been in effect since July 1, 1980. The current column 1 rate reflects the full U.S. Multilateral Trade Negotiations classifiable under TSUS item 411.58. The pre-MTN rate was 1.7 cents per pound plus 12.5 percent ad valorem until June 30, 1980. The column 2 rate of duty is 7 cents per pound plus 82 percent ad valorem.

Imports from designated beneficiary developing countries under TSUS item 411.58 are not elibible for duty-free entry under the Generalized System of Preferences (GSP).

Section 145. Sulfathiazole

(Originally introduced as H.R. 4379 by Mr. Frenzel)

Section 145 would amend item 907.19 of the appendix to the TSUS by striking out the column 1, MFN, duty rate of 13.3% ad valorem and the column 2 duty rate of 7¢ per pound + 80% ad valorem, and by inserting in lieu thereof "Free". Further, the effective date would be amended to read "on or before 9/30/87".

Sulfathiazole is principally used as a low level additive in cattle and other animal feeds, where it functions as a growth promoter. In addition, it is used for treating certain bacterial and microbial infections in humans and animals. The medicinal use of this product has declined, due to the development of resistant strains of infective organisms and to competition from penicillin and other antibiotics. Sulfathiazole may be administered orally, in powder or tablet form, or used externally, in powder or ointment form.

Import of sulfathiazole enter the United States under item 411.80 of the TSUS, along with its sodium salt; and separate import statistics are not available.

Exports of sulfathiazole are classified in Schedule B items 435.7160 (anti-infective sulfonamides, not artificially mixed and not put up in measured doses) and 442.1700 (sulfonamide preparations, n.s.p.f., put up in measured doses), along with all other sulfonamide anti-infective agents; and separate export statistics are not available.

It is estimated that total U.S. consumption of sulfathiazole is less than 250,000 pounds per year.

Sulfathiazole is classified in TSUS item 411.80, along with its sodium salt. The current and negotiated column 1, MFN, rate of duty is 23.6% ad valorem and the LDDC rate is 15% ad valorem. The column 2 rate applicable to this item is 7¢ per pound plus 133% ad valorem. Since January 27, 1983, the rates of duty in columns 1 and 2 have been temporarily reduced to 13.3% ad valorem and 7¢ per pound plus 80% ad valorem, respectively, effective through December 31, 1983, as specified in item 907.19 of the Appendix to the TSUS. In addition, imports from all beneficiary countries are eligible for duty-free entry under the GSP.

Section 146. Sulfaquinoxaline and Sulfanilamide

(Originally introduced as H.R. 4378 and H.R. 4380 by Mr. Frenzel)

Section 146 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 907.38 to suspend both the MFN, column 1 duty and the column 2 duty on sulfaquinoxaline and sulfanilamide provided for in item 411.82, part 1C, schedule 4, until September 30, 1987.

Sulfaquinoxaline and sulfanilamide are principally used as a low level additives in cattle and other animal feeds, where they function as growth promoters. In addition, they are used for treating certain bacterial and microbial infections in poultry, swine and sheep. The medicinal use of these products has declined, due to the development of resistant strains of infective organisms and to competition from penicillin and other antibiotics. Both products may be administered orally, in powder or tablet form, or used externally, in powder or ointment form.

Separate import statistics are not available for these products. Sulfaquinoxaline is produced in England and Poland and in the past has also been produced in Italy. Sulfanilamide is produced in Romania, China, Poland, Yugoslavia, Japan and India.

Exports of these product are believed to be nil.

Both products are classifiable in TSUS item 411.82, along with several other enumerated products. The current column 1, MFN, rate of duty is 16.9% and the LDDC rate is 10.8% ad valorem. The column 2 rate applicable to this item is 7 cents per pound plus 96% ad valorem.

This item was eligible for staged rate reductions under the Tokyo round of the MTN and the column 1 rate of duty will decrease to 10.8% by 1987, where it is scheduled to remain.

In March 1983, sulfaquinoxaline was added to the list of articles eligible for duty-free entry when imported from countries designated in general headnote 3(c) of the TSUS as beneficiary developing countries under the Generalized System of Preferences (GSP). By suspending the duties applicable to imports from countries not designated under the GSP, this legislation would temporarily eliminate any advantage, in terms of the cost of duties, which now exists as to imports of this product from beneficiary countries.

Section 147. Dicyclomine Hydrochloride and Mepenzolate Bromide

(Originally introduced as H.R. 3311 by Mr. Vander Jagt and as H.R. 3740 by Mr. Albosta)

Section 145 would suspend the duty on dicyclomine hydrochloride and mepenzolate bromide until September 30, 1987.

Dicyclomine hydrochloride occurs as a white, oderless crystalline powder freely soluble in water. Dicyclomine hydrochloride is an autonomic drug that acts as an anticholinergic agent. It is used in the symptomatic treatment of disorders of the gastrointestinal tract, such as spastic colitis, ulcerative colitis, diverticulitis, and (in the past) peptic ulcer.

Mepenzolate bromide is an active ingredient used in the manufacture of the prescription drug sold under the trademark Cantil. The product is an anticholinergic.

It is believed that mepenzolate bromide is not manufactured in the United States although there may be other resultant competitive drugs which are manufactured domestically.

Both dicyclomine hydrochloride and mepenzolate bromide are classifiable under TSUS item 412.02 as autonomic drugs provided for in the Chemical Appendix to the TSUS. The current column 1 rate of duty is 12.6 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 71.5 percent ad valorem.

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to 8.2% in 1987.

Imports from designated beneficiary developing countries under TSUS item number 412.02 are not eligible for duty-free entry under the Generalized System of Preferences (GSP). The LDDC rate of duty is 8.2 percent ad valorem.

Section 148. Amiodarone

(Originally introduced as H.R. 5368 by Mr. Sundquist)

Section 148 would amend subpart B of part 1 of the Appendix to the TSUS inserting in numerical sequence a new item TSUS 907.18 to suspend until September 30, 1987 the column 1 rate of duty on the drug amiodarone, provided for in item 412.12, part 1C, schedule 4. The column 2 rate of duty would not be affected.

The Food and Drug Administration (FDA) lists amiodarone as an investigatory new drug. Amiodarone has been imported into the United States for clinical trials which are being carried out through approximately 500 physicians and pharmacologists.

According to the spokesman for the FDA advisory committee, consisting of independent physicians who are evaluating amiodarone, preliminary evidence indicates that the drug is a uniquely effective antiarrhythmic cardiovascular agent. The drug also acts a coronary vasodilator.

There is no know domestic producer of amiodarone.

Amiodarone is classified under TSUS item 412.12 as a cardiovascular drug not provided for in the Chemical Appendix to the Tariff Schedules.

The column 1 rate of duty is 8 percent ad valorem. This rate has been in effect since the provision was established (from item 407.85), effective July 1, 1980. The current column 1 rate reflects the full Multilateral Trade Negotiations (MTN) concession rate implemented without staging for articles classifiable under TSUS item 412.12. The pre-MTN rate, under item 407.85, was 1.7 cents per pound plus 12.5 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 65 percent ad valorem. Preferential rates of LDDC imports were not established for this item.

Imports from designated beneficiary developing countries under TSUS item 412.12 are not eligible for duty-free entry under the Generalized System of Preferences (GSP). However, imports from

designated Caribbean countries are eligible for duty-free treatment under the Caribbean Basin Initiative (CBI).

Section 149. Desipramine Hydrochloride

(Originally introduced as H.R. 3741 by Mr. Albosta)

Section 149 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 906.54 to suspend the column 1, MFN, duty until the close of September 30, 1987 on desipramine hydrochloride provided for in item 412.35, part 1C, schedule 4.

Desipramine hydrochloride is an active ingredient used in the manufacture of the prescription durg sold under the trademark Norpramin. The product is an antidepressant.

It is believed that desipramine hydrochloride is not manufactured in the United States although there may be other resultant competitive drugs which are manufactured in the U.S. It is also sold in the U.S. by USV Pharmaceutical, under the trademark Petrofrane. The Petrofrane active ingredient is imported from outside the United States.

Desipramine hydrochloride is classifiable under TSUS item 412.35. The current column 1 rate of duty is 27.7 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 149.5% ad valorem.

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to 16.6% in 1987. The LDDC rate of duty is 16.6% ad valorem.

Section 150. Clomiphene Citrate

(Originally introduced as H.R. 3313 by Mr. Vander Jagt)

Section 150 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 907.42 to suspend the column 1, MFN, duty on clomiphene citrate, provided for in item 412.50, part 1C, schedule 4, until the close of September 30, 1987. There will be no change in the column 2 rate.

Clomiphene citrate occurs as a white-to-pale yellow, crystalline powder and is sparingly soluble in water and in alcohol. Clomiphene citrate has both estrogenic and antiestrogenic properties. The drug is used to induce ovulation in anovulary women. In addition, clomiphene citrate is used in small doses as an agent in therapy for male infertility. This chemical is used in the manufacture of the prescription drug sold under the trademark Clomid.

According to industry sources, clomiphene citrate is not produced in the United States. The product is manufactured by Societe Chimique Grevis S.A., a wholly-owned subsidiary of Merrell Dow, and is located in France. It is also sold in the United States by Serano under the trademark Seraphene.

Clomiphene citrate is classified under TSUS item 412.50 as a hormone, synthetic substitute, or antagonist not provided for in the Chemical Appendix to the TSUS.

The column 1 rate of duty is 8.7 percent ad valorem and has been in effect since July 1, 1980. The current column 1 rate reflects

the full U.S. Multilateral Trade Negotiations (MTN) concession rate implemented without staging for articles classifiable under TSUS item 412.50. The pre-MTN rate was 1.7 cents per pound plus 12.5 percent ad valorem until June 30, 1980. The column 2 rate of duty is 7 cents per pound plus 78.5 percent ad valorem.

Imports from designated beneficiary developing countries under TSUS item 411.50 are not eligible for duty-free entry under the Generalized System of Preferences (GSP).

Section 151. Yttrium Bearing Materials and Compounds

(Originally introduced as H.R. 2667 by Mr. Thomas)

Section 151 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 907.51 to provide for the column 1 MFN duty-free treatment of all yttrium bearing materials and compounds containing by weight more than 19% but less than 85% yttrium oxide equivalent (provided for in items 423.00 or 423.96, part 2C, schedule 4, or 603.70, part 1, schedule 6) until the close of June 30, 1988. There will be no change in the column 2 rate of duty.

Yttrium, one of the rare earth elements, is obtained from several ores containing varying concentrations of the element or as a by-product of other metal refining processes. Low concentration ores and by-products are refined and upgraded to produce high purity refined yttrium products. One of the more important products is high-purity yttrium oxide, which has highly significant commercial and national defense applications.

Yttrium bearing materials are classified under TSUS item 603.60; a residual provision for "other metal-bearing materials of a type commonly used for the extraction of metal or as a basis for the manufacture of chemical compounds". This TSUS category also includes yttrium concentrate which has been chemically dissolved from xenotime ore or monazite ore. Yttrium inorganic compounds are classified in TSUS item 423.00; a residual provision for "other inorganic compounds"; or in TSUS item 423.96, a residual provision for two or more inorganic compounds.

Yttrium concentrates imported under item 603.70 of the TSUS have a column 1 MFN duty rate of 5.9%. High-purity yttrium oxide and other inorganic compounds imported under item 423.00 of the TSUS have a column 1 MFN duty rate of 4.2% ad valorem, and certain yttrium mixtures imported under item 423.96 of the TSUS have a column 1 MFN duty of 1.9% ad valorem. These products are eligible for duty-free treatment under the Generalized System of Preferences (GSP). These products are also scheduled for staged rate duty reductions under the Tokyo round of the MTN.

Section 152. Tartaric Acid and Chemicals

(Originally introduced as H.R. 4512 by Mr. Green)

Section 152 would amend items 907.65 (tartaric acid), 907.66 (potassium salts), 907.68 (cream of tartar), and 907.69 (sodium tartrate (Rochelle salts)) of the Appendix to the TSUS by striking from the Effective Period column the date "6/30/84" and inserting in lieu

thereof "6/30/88". This would extend the temporary suspension of column 1 duties for those four items for four additional years, or until June 30, 1988. There would be no change in the column 2 rates of duty.

Tartaric acid is a colorless, transparent, crystalline solid or a white crystalline powder and is classified chemically as a disubstituted, dicarboxylic acid. It is produced from argols or wine lees by treatment with milk of lime (calcium hydroxide), followed by precipitation of calcium sulfate, and crystallization of the acid. Tartaric acid can also be produced synthetically by the hydroxylation of maleic anyhdride.

Tartaric acid is used as an intermediate in the production of chemicals such as acetaldehyde, and various tartaric acid salts and esters. It is also used as a suquestrant in tanning, effervescent beverages, baking powder, flavors, ceramics, galvano-plastics, medicinal preparations, photographic printing and developing, textile processing, silvering glass mirrors, coloring metals and foods.

Tartar emetic (also referred to as potassium antimony tartrate) is an orderless, poisonous, transparent, crystalline solid which effloresces when exposed to air. It is produced from potassium bitartrate by reaction with antimony metal or antimony trioxide, and is used as a textile and leather mordant, a medicine, a perfumery component, and an insecticide.

Cream of tartar (containing over 90 percent potassium bitartrate by weight) is a white, crystalline powder with a pleasant acid taste. It is classified chemically as an organic acid salt. It is producted by hot water extraction from wine lees followed by crystallization. Cream of tartar is used in baking powder, the production of other tartrates, medicine, galvanizing metals, and foods.

Tartaric acid accounts for the major portion of imports of these tartaric chemicals. Imports of this product rose from 3.4 million pounds valued at $3.4 million in 1979, to 3.9 million pounds valued at $4.7 million in 1981, then declined to 3.6 million pounds valued at $2.4 million in 1983.

U.S. imports of cream of tartar fluctuated during 1979–83 from a low of 2.0 million pounds valued at $1.5 million in 1980, to a peak of 2.4 million pounds valued at $1.8 million in 1981.

The import quantity for all of these tartaric chemicals decreased from 6.9 million pounds valued at $6.7 million in 1979, to 6.7 million pounds, valued at $4.0 million in 1983.

The most sources of imports of tartaric acid in 1983 were Spain, Italy and Argentina, which together accounted for almost 98 percent, by quantity, of such imports. Tartar emetic was supplied solely by Italy. Cream of tartar came from Italy, Spain, France, West Germany, Canada and the United Kingdom. The largest quantity of these chemicals came from Italy and Spain. No imports were supplied by column 2 sources.

The only chemicals produced in the United States from tartaric chemicals are Rochelle salt and potassium bitartrate. Data on exports of Rochelle salt and potassium bitartrate are not available, but because of U.S. demand for tartaric chemicals, exports are probably negligible.

Imports of tartaric acid approximate consumption and amounted to 3.4 million pounds in 1979. Imports of tartaric acid peaked at 3.9

million pounds in 1981, then declined slightly to a level of 3.6 million pounds in 1982 and 1983. Apparent consumption of tartaric acid salts fell in 1980 to approximately 2.8 million pounds, then increased to 3.5 million pounds in 1981. During 1982–1983, apparent consumption remained level at about 3.2 million pounds.

Tartaric acid is classified under TSUS item 425.94 with a column 1 duty rate of 5.1 percent ad valorem, an LDDC rate of 4.3 percent ad valorem, and a column 2 duty rate of 17 percent ad valorem. Tartar emetic is classified under TSUS item 426.72 with a column 1 duty rate of 1.9 percent ad valorem, an LDDC rate of 1.8 percent ad valorem, and a column 2 duty rate of 4 percent ad valorem. Cream of tartar is classified under TSUS item 426.76 with a column 1 duty rate of 5.5 percent ad valorem, an LDDC rate of 4.6 percent ad valorem, and a column 2 duty rate of 11 percent ad valorem. Rochelle salts are classified under TSUS item 426.82 with a column 1 duty rate of 4.7 percent ad valorem, an LDDC rate of 4.1 percent ad valorem, and a column 2 duty rate of 11.5 percent ad valorem.

Imports under all four of the above tariff provisions, if from designated beneficiary countries, are eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports from designate Caribbean Basin countries are eligible for duty-free entry in accordance with the Caribbean Basin Initiative (CBI).

Section 153. Certain Mixtures of Magnesium Chloride and Magnesium Nitrate

(Orginally introduced as H.R. 5338 by Mr. Schulze)

Section 153 would amend subpart B of part 1 of the Appendix to the TSUS to suspend the column 1 rate of duty until September 30, 1987 on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate, provided for in item 432.25 TSUS. The column 2 rate of duty would remain unchanged.

In the commerce of the United States, mixtures of isothiazolinones are shipped as aqueous solutions. These solutions contain the active ingredient, as well as certain reaction products, and a stabilizer. Production and importation of this mixture are required to be in compliance with regulations of the Environmental Protection Agency issued under the Toxic Substance Control Act. The raw materials for this product are methyl-3-mercaptoproprionate, monomethylamine, chlorine, magnesium oxide, and magnesium nitrate. Mixtures of isothiazolinones are used as preservatives for cosmetics, toiletries, floor polishes, fabric softeners, dishwashing liquids, metal-working fluids, water-based paints, and latex polymers. They are also used as slimicides in pulp and paper mills, in secondary oil and gas production, in industrial cooling towers, and in air washers.

Rohm and Haas Co., a large U.S. multinational corporation, has a plant capable of producing mixtures of isothiazolinones, located in Philadelphia, Pennsylvania. Although they are not presently producing the product in the U.S. plant, they are doing so in the

United Kingdom and are marketing that product in the United States.

Data concerning U.S. production of 5-chloro-2-methyl-4-isothiazolin-3-one and 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate are not available.

Data on U.S. imports of the mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one and 2-methyl-4-isothiazolin-3-one, magnesium chloride, and magnesium nitrate are included within the statistical classification for other mixtures, not specially provided for. Therefore, data on this product alone are not available. The Committee understands that it is the intention of the patent holder, Rohm and Haas, to supply the U.S. market for this product with imports only, rather than to produce the product in the U.S.

Data on U.S. exports of the mixtures in question are included within the export classification for mixtures and preparations, not specially provided for, and, therefore, data on this product alone are not available.

U.S. consumption of this product is believed to be approximately equal to the amount imported.

Mixtures of isothiazolinones are classified in TSUS item 432.25 as other mixtures not specially provided for, at a column 1 rate of duty of 4.2 percent ad valorem, but not less than the highest rate applicable to any component material. The LDDC and column 2 rates are, respectively, 3.7 percent and 25 percent ad valorem, but not less than the highest rate applicable to any component material. Articles imported from designated beneficiary countries and classified under TSUS item 432.25 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). Imports from designated beneficiary Caribbean Basin countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

The component material contained in this mixture which has the highest rate of duty if imported as an individual compound is either one of the isothiazolinone compounds. Isothiazolinones are nitrogenous compounds classified under item 425.52, at a column 1 rate of duty of 7.9 percent ad valorem, and a column 2 rate of 30.5 percent ad valorem. The concession granted with respect to item 425.52 during the Tokyo round of the Multilateral Trade Negotiations provided for a one-time reduction on July 1, 1980, from 8.4 percent to 7.9 percent ad valorem.

Section 154. Nicotine Resin

(Originally introduced as H.R. 4224 by Mr. Moore)

Section 154 would amend subpart B of part 1 of the Appendix to the TSUS by inserting in a new item TSUS 907.63 to suspend the column 1, MFN, duty until September 30, 1987 on nicotine resin complex, provided for in item 437.13, part 3B, schedule 4.

Nicotine resin complex, commonly known as nicorette, is a product to be used as an aid for terminating the smoking habit. Assuming the FDA approves this drug, it will be available by prescription only. Merrell Dow Pharmaceuticals Inc. Has filed a petition for approval with the U.S. Food and Drug Administration. The approval has not been granted as of yet. If the approval is obtained, the way

will be cleared to market the product in the U.S. The product is being marketed in Canada and in European countries. The product is covered under composition patents owned by Atkiebolaget Leo, a Swedish corporation.

Nicorette is classifiable under TSUS item 437.13 as a compound of nicotine. The current column 1 rate of duty is 4.2 percent ad valorem. The column 2 rate of duty is 25% ad valorem.

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to 3.7% by January 1, 1987.

Imports from designated beneficiary developing countries under TSUS item number 437.13 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). The LDDC rate of duty is 3.7% ad valorem.

Section 155. Rifampin

(Originally introduced as H.R. 3742 by Mr. Albosta)

Section 155 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item 906.99 to suspend the column 1, MFN, duty until the close of September 30, 1987 on rifampin, provided for in item 437.32, part 3B, schedule 4.

Rifampin is an active ingredient used in the manufacture of the prescription drug sold under the trademarks Rifadin and Rifamate. The product is an antibiotic. The chemical name for rifampin is hydrazone, 3-(4-methylpiperazinyliminomethyl) rifamycin SV.

Rifampin is classifiable under TSUS item 437.32 with a column 1 rate of duty of 4.2 percent ad valorem. The column 2 rate of duty is 25% ad valorem.

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to 3.7% in 1987.

Imports from designated beneficiary developing countries under TSUS item number 437.32 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). The LDDC rate of duty is 3.7% ad valorem.

Section 156. Lactulose

(Originally introduced as H.R. 4223 by Mr. Moore)

Section 156 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item TSUS 907.76 to suspend the column 1, MFN, duty until September 30, 1987 on lactulose, provided for in item 439.50, part 3C of schedule 4.

Lactulose is an active ingredient used in the manufacture of the prescription drug sold under the trademarks Cephulac and Chronulac. These products are laxatives. The chemical name for lactulose is 4-0-beta-D-galactopyranosyl-D-fructose.

Lactulose is classifiable under TSUS item 439.50 under the classification of "Other Drugs". The current column 1 rate of duty is 3.7 percent ad valorem. The column 2 rate of duty is 25% ad valorem.

This item is not eligible for staged rate reductions under the Tokyo round of the MTN.

Imports from designated beneficiary developing countries under TSUS item 439.50 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). There is no LDDC rate of duty.

Section 157. Iron Dextran Complex

(Originally introduced as H.R. 4225 by Mr. Moore)

Section 157 would amend subpart B of part 1 of the Appendix to the TSUS by inserting a new item to suspend the column 1, MFN, duty until September 30, 1987 on iron dextran complex, provided for in item 440.00, part 3C, schedule 4.

According to an importer, Merrill Dow Pharmaceuticals Inc., Cincinnatic, Ohio, the product is unique, with only one manufacturer in the world. It is a liquid product imported in 10-ml. vials and 2-ml. ampoules.

Iron dextran complex is used in a treatment of iron deficiency anemia.

Iron dextran complex is classifiable under TSUS item 440.00 as a drug imported in ampoules, capsules, lozenges, pills or other forms in medicinal doses. The current column 1 rate of duty is the rate provided for such product in this subpart when imported in other forms, but not less than 4.2 percent ad valorem. The column 2 rate of duty is the rate provided for such product in this subpart when imported in other forms, but not less than 25% ad volorem.

This item is eligible for staged rate reductions under the Tokyo round of the MTN and the column 1, MFN, rate of duty will be reduced to the rate provided for such product in this subpart when imported in other forms, but not less than 3.7% by January 1, 1987.

Imports from designated beneficiary developing countries under TSUS item number 440.00 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). The LDDC rate of duty is the rate provided for such product in this subpart when imported in other forms, but not less than 3.7% ad valorem.

Section 158. Natural Graphite

(Originally introduced as H.R. 3709 by Mr. Guarini)

Section 158 would amend item 909.01 of the Appendix to the TSUS by inserting the date 12/31/87 in lieu of 12/31/84 in the date column. This would effectively extend the temporary suspension of duty on natural crystalline flake graphite for an additional three years.

Natural graphite is divided into two commercial classes—crystalline and amorphous. Natural crystalline graphite is marketed as flake, lump, chip and dust. Amorphous graphite, which is duty-free, is marketed in sizes ranging from fine powder to lumps the size of walnuts. It is common industry practice to blend different graphites in order to obtain a final product having the desired physical and.chemical properties for specific uses. In many instances the composition of these blends is a trade secret.

Crystalline flake graphite has been deemed essential to the national defense and has been designated as a strategic material.

Under existing law, natural crystalline flake graphite, crude and refined (not including flake dust), is provided for in TSUS items 517.21 and 517.24 of part 1E, schedule 5. The column 1 (MFN) rate of duty for item 517.21 (valued not over 5.5 cents per pound) is 4.7 percent ad valorem. The LDDC rate of duty is 3 percent ad valorem, and the column 2 rate of duty is 1.65 cents per pound. The duty on item 517.21 is scheduled to be reduced to 3% ad valorem by 1987 as a result of the Multilateral Trade Negotiations (MTN).

The column 1 (MFN) rate of duty for item 517.24 (valued over 5.5 cents per pound) is 0.3 cents per pound. The column 2 rate of duty is 1.65 cents per pound.

The duty on these two items have been under suspension since October 22, 1975, and under current law the suspension is scheduled to continue until December 31, 1984. These graphite products are eligible for duty-free treatment under the Generalized System of Preferences (GSP).

Section 159. Zinc

(Originally introduced as H.R. 4443 by Mr. Jones)

Section 159 would extend from June 30, 1984, to June 30, 1989, the existing temporary suspension of the column 1 rates of duty on certain forms of zinc afforded under the TSUS Appendix items 911.00, 911.01, 911.02, and 911.03. These four items, which were added to the TSUS in 1975, suspend the column 1 rate of duty on—

(a) zinc-bearing ores (provided for in item 602.20, part 1, schedule 6; duty suspended under item 911.00);

(b) zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6; duty suspended under item 911.01);

(c) zinc-bearing materials (provided for in items 603.49, 603.50, 603.54, and 603.55, part 1, schedule 6; duty suspended under item 911.02); and

(d) zinc waste and scrap (provided for in item 626.10, part 2, schedule 6; duty suspended under item 911.03).

The duty on these items was originally suspended in 1975 for a 3-year period, since U.S. mines did not have sufficient capacity to satisfy demand; it was also recognized that other major zinc producing countries permit the importation of ores and concentrates free of duty. This temporary duty suspension expired on June 30, 1978. Public Law 96-467, effective October 17, 1980, retroactively restored the temporary duty suspension, which continued until June 30, 1984.

Most of the zinc ore in the world is found in the mineral sphalerite, a zinc sulfide, which usually occurs in association with lead and copper sulfide materials. Zinc ore is milled to prepare zinc-bearing materials known as concentrates that can be treated to recover zinc and associated by-product and co-product metals. The mineralogy of zinc-containing ores determines the technology and economics of the milling practice employed. Generally, the ore is roasted to remove the sulfur and then may be concentrated by flotation, jigging, tabling, and electrostatic and magnetic separation. Reduc-

tion of the concentrates to zinc is accomplished by electrolytic deposition from a sulfate solution or by distillation in retorts or furnaces. Another form of zinc-bearing materials is zinc fume, residue material from furnace slag which has been removed as an impure oxide by a fuming operation. Zinc dross and skimming are zinc or zinc-oxide-containing products formed during the galvanizing process. Zinc waste and scrap is refuse material recovered primarily from the zinc smelting operation. These products are used as sources of zinc metal and zinc products.

According to the U.S. Bureau of Mines, U.S. mines tend to have lower ore and co-product and/or by-product grades than many foreign mines. The average U.S. zinc ore grade is about 4 percent, compared with 6 to 9 percent average grades in many other countries.

Zinc is a strategic and critical metal which is primarily used to protect and preserve iron and steel products from corrosion (galvanizing). Other major uses of zinc include its use in die-cast alloys, brass and bronze products and rolled zinc. The use of zinc in galvanizing accounts for 48 percent of total consumption, in zinc-based alloys for 28 percent, in brass and bronze for 11 percent, and in other products (such as rolled zinc, oxides and pigments) for 13 percent.

Zinc ore is recovered from at least 30 mines located in 17 states in the United States. Tennessee accounts for 40 percent of domestic zinc production; Missouri for 21 percent; New York for 16 percent; and Pennsylvania for 8 percent. The industry producing zinc is heavily concentrated, with 4 firms—St. Joe Resources Co., Jersey Miniere Zinc Co., AMAX Inc., and ASARCO Inc.—accounting for about 50 percent of domestic mine output in 1982, and 80 percent of primary slab zinc production. The four companies are large, vertically integrated firms which operate mines, smelters, and refineries. The New Jersey Zinc Co., Inc., United States Steel Corp., Cominco American Inc., Ozark Lead Co., and Hecla Mining Co. were other major mine producers, accounting for an additional 40 percent of domestic mine output.

ASARCO is the only domestic company with a significant commercial interest in foreign zinc mining operations; these interests are primarily in Australia, Mexico, and Canada. Newmont Mining Co., St. Joe Resources Co., Phelps Dodge Corp., and AMAX Inc., however, are also involved in foreign zinc operations. In 1982, foreign ownership of operating U.S. zinc mines was essentially limited to the 50 percent interest of Cominco in the Magmont Mine in Missouri, and the 40 percent interest of Union Miniere S.A. of Belgium in the mines and refinery of Jersey Miniere Co. in Tennessee.

The United States was the principal world mine producer of zinc until the middle 1960's when Canada became the leading producer. In the 1970's, mine output declined in the United States but increased in other countries; in 1982, the United States was fifth in world production, surpassed by Canada, the USSR, Australia, and Peru. In 1981 and 1982, a number of U.S. zinc mines closed because of poor zinc demand and low prices, while 2 new mines opened and output increased at several other mines.

Much of the recent decline in production is attributable to low ore grades, low by-product value, high production costs, and ex-

haustion of ore reserves. According to the U.S. Bureau of Mines, the United States has been dependent upon imports of concentrates for a substantial portion of smelter feed since 1940.

Employment at zinc and lead mines and concentrating plants (data for which are inseparable because of the co-product relationship) has declined from 4,600 in 1979 to 2,900 in 1983.

Domestic production of zinc ore, by zinc content and value (according to the U.S. Bureau of Mines), has been as follows:

Year	Quantity [1]	Value
1979	294,693	$219,841,000
1980	349,546	261,671,000
1981	344,381	306,879,000
1982	330,995	254,668,000
1983	301,686	249,736,000

[1] Short tons, zinc content.

Imports of the subject forms of zinc were as follows during 1979–83:

Year	Quantity [1]	Value
1979	104,983	$39,922,000
1980	209,359	77,133,000
1981	285,834	116,983,000
1982	84,381	31,492,000
1983	81,806	21,963,000

[1] Short tons, zinc content.

Imports of zinc ore accounted for about 85 percent of total imports of these products in 1983. The principal import sources in 1983 were Canada (31 percent), Mexico (30 percent), Peru (17 percent), and Honduras (16 percent); there were no imports subject to column 2 rates. The importers included metals traders and domestic slab zinc producers, such as Phillip Brothers, New York; Noranda Sales, New York; and National Zinc Co., Oklahoma.

Exports of the subject forms of zinc (Schedule B numbers 601.6100, 603.0030, and 626.1000) were as follows during 1979–83:

Year	Quantity (short tons)	Value
1979	64,153	$25,926,000
1980	112,228	52,850,000
1981	110,301	62,659,000
1982	117,631	57,842,000
1983	97,469	38,257,000

Exports of zinc ore accounted for about 72 percent of total exports. The principal export markets were Canada, West Germany, and Belgium. The principal exporters were metals traders and domestic producers.

Apparent consumption of the subject forms of zinc was as follows during 1979–83:

Year	Quantity (short tons)	Value
1979	335,523	$233,837,000
1980	446,677	285,954,000
1981	519,914	361,203,000
1982	297,745	228,318,000
1983	286,023	233,442,000

The current tariff treatment of the subject products is set forth in the table on the following page.

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Table 1: Certain forms of zinc: U.S. rates of duty, by TSUS items

(Cents per pound, percent ad valorem)

TSUS item No. 1/	Description	Pre-MTN col. 1 rate of duty 2/	Staged col. 1 rates of duty effective with respect to articles entered on or after Jan. 1--								Col. 2 rate of duty
			1980	1981	1982	1983	1984	1985	1986	1987	
603.20A	All zinc bearing ores	.67¢	.62¢	.58¢	.53¢	.48¢	.44¢	.39¢	.35¢	.30¢	1.67¢.
603.30A	Zinc dross and zinc skimmings	.75¢	.73¢	.71¢	.69¢	.67¢	.66¢	.64¢	.62¢	.60¢	1.5¢.
603.49A	Materials over 10% cu, pb, zn when market price of copper is below 24¢/lb.	1¢ on cu content + .75¢ on pb content + .67¢ on zn content	.96¢ + .72¢ + .65¢	.92¢ + .69¢ + .63¢	.89¢ + .66¢ + .61¢	.85¢ + .62¢ + .58¢	.81¢ + .59¢ + .56¢	.77¢ + .56¢ + .54¢	.74¢ + .53¢ + .52¢	.70¢ + .50¢ + .50¢	4¢ + 1.5¢ + 1.67¢.
603.50A[a]	Other	.8¢ + .75¢ + .67¢	.74¢ + .69¢ .62¢	.68¢ + .64¢ + .58¢ .58¢	.62¢ + .58¢ + .53¢ .53¢	.56¢ + .52¢ + .48¢ .48¢	.50¢ + .47¢ + .44¢ .44¢	.44¢ + .41¢ + .39¢ .39¢	.38¢ + .36¢ + .35¢ .35¢	.32¢ + .30¢ + .30¢ .30¢	4¢ + 1.5¢ + 1.67¢.
603.54A	Materials over 5 troy ounces gold or 100 troy ounces precious metal when copper is below 24¢/lb.	1¢ + .75¢ + .67¢	.95¢ + .71¢ + .64¢	.9¢ + .66¢ + .6¢	.85¢ + .62¢ + .57¢	.80¢ + .57¢ + .53¢	.75¢ + .53¢ + .50¢	.70¢ + .49¢ + .48¢	.65¢ + .44¢ + .43¢	.60¢ + .40¢ + .40¢	4¢ + 1.5¢ + 1.67¢.
603.55A	Other	.8¢ + .75¢ + .67¢	.7¢ + .66¢ + .59¢	.6¢ + .56¢ + .5¢	.5¢ + .47¢ + .42¢	.4¢ + .37¢ + .33¢	.3¢ + .28¢ + .25¢	.2¢ + .19¢ + .17¢	.1¢ + .09¢ + .08¢	Free + Free + Free	4¢ + 1.5¢ + 1.67¢.
626.10	Zinc waste and scrap	.75¢	4.8%	4.4%	4%	3.7%	3.3%	2.9%	2.5%	2.1%	11%.

1/ The designation "A" or "A*" indicates that the item is currently designated as an eligible article for duty-free treatment under the U.S. Generalized System of Preferences. "A" indicates that all beneficiary developing countries are eligible for the GSP. "A*" indicates that certain of these countries, specified in general headnote 3(c) of the Tariff Schedules of the United States Annotated, are not eligible.

2/ Rate effective prior to Jan. 1, 1980.

SECTION 160. CERTAIN DIAMOND TOOL BLANKS

(Originally introduced as H.R. 4482 by Mr. Archer)

Section 160 would amend subpart B of part 1 of the Appendix to the TSUS by inserting new item 910.00, temporarily suspending the column 1 rate of duty for tool blanks and drill blanks, wholly or in chief value of industrial diamonds (provided for in items 523.91 or 520.21, schedule 5) until September 30, 1987. The column 2 rate of duty would remain unchanged.

Tool and drill blanks are made of randomly-oriented synthetic industrial diamond crystals which are bonded together by a high pressure, high temperature process, usually to a tungsten carbide substrate. The process used to produce the domestic and imported blanks and the physical and quality characteristics of the two categories are very similar. In the trade, these industrial tool and drill blanks are known as polycrystalline diamond compact, or PDC, blanks.

The main use of PDC blanks is the manufacture of drill bits for oil, gas, and mineral exploration and for other mining applications. They are also used in tool bits for the machining of such materials as non-ferrous metals and alloys, ceramics, fiberglass, carbon-fiber composites, chipboard, and fiber board.

There are four U.S. producers of tool blanks and drill blanks, wholly or in the chief value of industrial diamonds (PDC blanks). They are: General Electric Company, Specialty Materials Department, Worthington, Ohio; Valdiamont Corp., Ann Arbor, Michigan; Megadiamond Corp., Provo, Utah; and U.S. Synthetic Corp., Orem, Utah.

General Electric Company is the largest producer of PDC blanks in the United States. Total U.S. industry employment figures are not known, but it is estimated that between 300 and 600 workers are involved in the production of PDC blanks. The majority of workers in the U.S. industry are employed by the General Electric Company.

Domestic production of PDC blanks is not available. Over 85 percent of U.S. producer shipments are accounted for by the General Electric Company; publication of production figures may reveal confidential business information. It is known that domestic sales have increased by about 85 percent in the period 1980–1983.

Because imports of PDC blanks are classified in a residual or "basket" provision, precise data are not known. It is believed that imports began in 1981, mainly from Ireland and with small shipments from Japan. No imports are believed to have come from column 2 sources.

Presently, there are five importers of PDC blanks, as follows: The General Electric Company, Worthington, Ohio; Van Itallie Inc., Saddle Brook, New Jersey; Diamond Abrasive Corporation, New York, New York; Amco Diamond Abrasive Corporation, New York, New York, and Sumitomo Electric U.S.A. Inc., New York, New York. The first four companies all import PDC blanks from Ireland, while the last firm imports these articles from Japan.

It is believed that the General Electric Company accounts for about 99 percent of all PDC blanks exported from the United

States. No figures are available, but it is estimated that exports during the period 1981–83 have averaged about $31.5 million annually.

Apparent consumption of PDC blanks cannot be specified, since few data are available. Based on trade information, it is believed that during 1980–1983 U.S. consumption increased by about 150 percent. The acceptance of PDC blanks by the oil, gas, and mineral drilling industry in the beginning of the 1980's was a major market breakthrough. The bulk of all sales are to the exploration industry, and it is estimated that U.S. consumers receive their shipments from the following sources:

	Percent
Domestic General Electric Sales	33
Imports from General Electric Irish Plant	48
All other imports	15
All other U.S. products	4
Total	100

The tool and drill blanks covered by this legislation are currently classified by Customs under item 523.91.

No such articles are currently known to be classified in TSUS item 520.21; however, industry sources have sought a ruling from the Customs Service concerning articles wholly of industrial diamonds arguably covered by that item which are now being developed.

The current column 1 rates of duty for these items are 4.7% ad valorem for item 520.21 and 5.9% ad valorem for item 523.91. The column 2 rate is 30% ad valorem for both items.

Imports from least developed countries (LDDC's) are dutiable at preferential rates of 3 percent ad valorem (item 521.21) and 4.9 percent (523.91). Imports from beneficiary countries under item 523.91 are eligible for duty-free entry under the Generalized System of Preferences (GSP); imports from designated beneficiaries under both items are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

Section 161. Clock Radios

(Originally introduced as H.R. 3731 by Mr. Vander Jagt)

Section 161 would amend item 911.95 of the Appendix to the TSUS by inserting the date 9/30/86 in lieu of 9/30/84 in the date column.

This legislation would extend for an additional two years the temporary suspension of duty on certain clock radios provided for under Public Law 97–446 which was signed into law on January 12, 1983. Public Law 97–446 provided duty suspension for entertainment broadcast band receivers valued not over $40 each and incorporating timekeeping or time display devices not in combination with any other article, and not designed for motor vehicle installation. The term "entertainment broadcast band receivers" is defined as those receivers designed principally to receive signals in the AM (53–1710KHz) and FM (88–108MHz) entertainment broadcast bands, whether or not they are capable of receiving signals on other bands

such as aviation, television, marine, public safety, industrial and citizens bands.

Imports of clock radios were 9.4 million units in 1980 and 9.8 million units in 1981. This is down approximately 10 percent from the 1977–78 levels. Imports in 1980 were valued at $101 million and 1981 at $109 million. Major suppliers of these imports in 1982 were as follows:

Imports

Country:	*Percent*
Hong Kong	44
Singapore	31
Japan	10
Taiwan	6

Exports of all types of radios from the U.S. totalled 413,000 units in 1982. The portion of this which is clock radios is unknown.

It is believed that 80 percent of the clock radios imported are equipped with solid state clocks and would be duty-free for 3 years under this legislation.

Entertainment broadcast band receivers are currently provided for in the TSUS item 685.24. However, under item 911.95 of the Appendix to the TSUS, the column 1 duty is currently suspended until September 30, 1984. The duty on item 685.24 is 7.7 percent ad valorem for column 1 entries, 6 percent ad valorem for LDDC entries, and 35 percent ad valorem for column 2 entries. In addition, the item is scheduled for column 1 staged reductions under the 1979 MTN agreement as shown below:

Date	Column 1 duty rate for item 685.24
January 1, 1985	7.1 percent ad valorem.
January 1, 1986	6.6 percent ad valorem.

Also, the item is subject to duty-free entry from countries qualifying for such under the Generalized System of Preferences, *except* for Hong Kong, Singapore, Taiwan, and the Republic of Korea because these countries have exceeded the "competitive need" import limitations set forth in section 504(c) of the Trade Act of 1974 (19 U.S.C. 2464(c)).

The decision in *United States v. Texas Instruments, Inc.*, decided March 25, 1982, Apeal 81–23, the Court of Customs and Patent Appeals reiterated that solid state electronic clock mechanisms are not "movements". Thus, they are not covered by the constructive separation provisions of headnote 5, subpart E, part 2 of schedule 7, which deal only with the movements. As a result, the proposed legislation would also affect the solid state clock or timing portions of clock radios.

Section 162. Lace-Braiding Machines

(Originally introduced as H.R. 5283 by Mr. Schulze)

Section 162 would amend subpart B of part 1 of the Appendix to the TSUS by inserting new item 912.11 to suspend the column 1 duty until September 30, 1987 on decorative lace-braiding machines

using the jacquard system, and parts thereof, provided for in item 670.25 and 670.74, part 4E, schedule 6.

Textile braiding machines are of three general types, the comparatively simple Maypole type, which is used to produce such articles as sash cords, fire-hose covering, shoe laces, ornamental braid, fiberglass, sutures, optical fibers, and pacemaker leads, and high-speed type, which is used chiefly for insulating electric wires and cables; and the Barmen lace braider, which is used chiefly for making materials for insulating electrical wires and cables, and the Barmen lace-braider, which produces a fabric that is similar to handmade laces. These machines produce fabric by interlacing, diagonally, a series of threads or strands in a maypole fashion.

Separate domestic production data for lace-braiding machines is not available. The majority of domestic manufacturers indicated that they produce a wide variety of other textile machinery and that lace-braiders constitute a minor proportion of total annual sales.

Machines.—Imports of braiding and lace-braiding machines were as follows during 1979–83.

Year	Quantity (units)	Value
1979	91	$488,000
1980	165	572,000
1981	433	977,000
1982	842	1,166,000
1983	698	785,000

West Germany and Japan accounted for 96 percent of all U.S. imports of these machines in 1982 and 94 percent in 1983. Industry sources indicated that four companies dominate the U.S. import market. They are J.B. Hyde & Co. Ltd. of the United Kingdom, Kokubun Iron Works of Japan, Wilhelm Steeger of West Germany, and the Karg Corporation of the United Kingdom.

Separate import data for lace-braiding machines are not available.

Parts.—Parts for lace-braiding machines, if not specially provided for elsewhere in the TSUS are classifiable under statistical annotation 670.7480 as other parts of textile machinery, not specially provided for. Imports under that item number during 1979–83 were as follows:

Year:	*Value*
1979	$18,416,000
1980	15,984,000
1981	17,897,000
1982	14,974,000
1983	16,719,000

The percentage of the value of imports classified under TSUSA item 670.7480 which is attributable to parts for lace-braiding machines is not known. Japan and West Germany accounted for 58 percent of all imports under 670.7480 in 1982 and 50 percent in 1983.

Exports of braiding and lace-braiding machines, were as follows during 1979–83:

Year	Quantity (units)	Value
1979	8,167	$8,375,000
1980	2,402	11,276,000
1981	2,170	12,921,000
1982	1,312	9,631,000
1983	1,046	7,187,000

The percentage of the value of all braiding machines attributable to lace-braiding machines is not known. The United Kingdom, the Republic of South Africa, South Korea and Singapore were the largest export markets for all braiding machines during 1983, accounting for 31 percent of total U.S. exports.

Exports of parts for textile machinery, not specially provided for, were as follows during 1979–83.

Year:	*Value*
1979	$19,537,000
1980	21,884,000
1981	22,621,000
1982	34,119,000
1983	22,145,000

The percentage of the value of these exports attributable to part for lace-braiding machines is not known. The United Kingdom, India and West Germany were the major foreign markets for exports of these parts.

Machines.—Lace-braiding machines are provided for in item 670.25, TSUS at a column 1 rate of 5.6 percent ad valorem and a column 2 rate of 40 percent ad valorem. The rate applicable to least developed developing countries (LDDC's) is 4.7 percent ad valorem. Articles imported from designated beneficiary developing countries and classified under item 670.25 may be eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports from designated Caribbean countries may be eligible for duty-free treatment under the Caribbean Basin Initiative (CBI).

Parts.—Parts for lace-braiding machines are provided for in TSUS item 670.74. This provision covers all parts solely or chiefly used as parts of textile machinery, so long as they are not specially provided for elsewhere in the TSUS. The duty applicable to parts classified under item 670.74 is the rate for the machines of which they are parts. Thus, the duty rates given above for lace-braiding machines also apply to the parts of such machines.

Imports under item 670.74 are eligible for both the GSP and the CBI.

The staged rate reductions implemented in accordance with the Tokyo Round of Multilateral Trade Negotiations are indicated in the following table. These rates apply to both merchandise classified under item 670.25 and those parts for lace-braiding machines which are classified under item 670.74.

Year:	*Rate* [1] *(percent)*
Pre-MTN	7.0
1980	6.7
1981	6.4
1982	6.1
1983	5.9

	Rate [1] (percent)
1984	5.6
1985	5.3
1986	5.0
1987	4.7

[1] Rate effective with respect to articles entered or withdrawn from warehouse on or after January 1.

NOTE.—Rate effective prior to Jan. 1, 1980.

SECTION 163. CERTAIN MAGNETRON TUBES

(Originally introduced as H.R. 4887 by Mr. Vander Jagt)

Section 163 would amend the Appendix to the TSUS to suspend the duty on magnetron tubes with an operating frequency of 2.450 GHz and a minimum power of at least 300 watts and a maximum power not greater than 2000 watts until December 31, 1986. Magnetron tubes are used in microwave cooking applicances; some are employed in certain defense applications, such as in radar, and in telecommunications transmissions.

Magnetron tubes are electronic continuous-wave oscillators which cause moving electrons, generated from heated cathodes, to revolve around microwave circuits and react with the circuits (resonate) in a process known as bunching. Radiofrequency energy is generated, usually over the microwave frequency range of 1–40 gigahertz (GHz, meaning billions of cycles per second). Those tubes having a higher power may be used in such applications as terrestrial and satellite relays (to transmit telephone, telegraph, and television signals) and radar systems. They are not intended to be covered by proposed duty suspension; nor are the tubes with lower power having many uses other than in microwave cooking appliances.

Other magnetron tubes convert 60-cycle-per-second household electricity to the ultra-high frequency radio waves known as microwaves, usually at a frequency of about 2,350 GHz, for use in microwave cooking appliance (generally ovens). The tubes when operating generate about a kilowatt of power; the microwave energy creates a strong electrical field and causes food molecules to polarize and align themselves in the direction of the field. As the field changes direction with each cycle, the food molecules are agitated and generate frictional heat. The amount of heat generated can be varied by turning the magnetron tube on and off. These microwaves produce heat throughout the entire mass of food instantaneously, thus permitting faster and more energy-efficient cooking.

Since there is no U.S. production and no exports, imports represent the entire source of U.S. supply and thus equal apparent consumption of magnetron tubes for use in microwave cooking appliances. Imports of all parts of cooking stoves and ranges are shown in the following table:

Parts of cooking stoves and ranges (TSUSA item 684.2890): U.S. imports for consumption, 1978–83

Year:	Value
1978	$39,101,000
1979	44,366,000
1980	76,192,000
1981	90,557,000

1982	64,944,000
1983	103,033,000

Source: Complied from official statistics of the U.S. Department of Commerce.

Industry sources estimate that in 1983 over 80 percent of these parts, or $82 million, were magnetron tubes to be incorporated in mircowave cooking appliances.

Japan, the only source of U.S. imports of magnetron tubes used in microwave cooking appliances, is also the leader in world production of these magnetron tubes. Three Japanese multinational manufacturers, Matsushita (Quasar and Panasonic), Toshiba, and Hitachi, control virtually 100 percent of the U.S. market for magnetron tubes for mircrowave cooking appliances. Sanyo of Japan also produces magnetron tubes, but they are used primarily for Sanyo's own production of microwave ovens. Japan's dominance in the world market is a result of its major role in the development of the microwave oven, in which the magnetron tube is an integral part. The only other known producer of magnetron tubes used for microwave cooking appliances, Samsung of the Republic of Korea, is not believed to be exporting into the U.S. market at this time.

The subject magnetron tubes, if for use chiefly in microwave cooking appliances, are classified in TSUS item 684.28, covering parts of cooking stoves and ranges (including parts of microwave ovens). The current column 1 rate of duty applicable to imports under TSUS item 684.28 is 1.5 percent ad valorem. Staged tariff reductions for this TSUS item (in percent ad valorem), granted in the Tokyo round of the Multilateral Trade Negotiations (MTN), are shown below:

[In percent]

TSUS item No.	Effective on January 1			
	1984	1985	1986	1987
684.28	1.5	1	0.5	Free

Note: The 1983 column 1 ad valorem duty rate was 2 percent.

The column 2 rate of duty is 35 percent ad valorem. Imports from least developed developing countries (LDDC's) currently enter free of duty, as provided under the LDDC rate of duty column.

Other magnetron tubes not chiefly used in such appliances are classified elsewhere in the TSUS based on their characteristics and intended uses.

As noted above, articles classified in TSUS item 684.28 are eligible for duty-free entry under the GSP when imported from all designated beneficiary developing countries. During 1983, total GSP imports under item 684.28 were $3 million; none of these imports were of magnetron tubes. In addition, such articles if imported from designated beneficiary countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

SECTION 164. NARROW FABRIC LOOMS

(Originally introducted as H.R. 5284 by Mr. Schulze)

Section 164 would amend subpart B of part 1 of the Appendix to the TSUS by inserting new item 912.04 to suspend the column 1 duty until September 30, 1987 on power driven weaving machines for weaving fabrics not over 12 inches in width, provided for in item 670.14, part 4E, schedule 6. A new headnote provision is also added to part 4E of schedule 6 to insure that the parts of such machines will continue to be dutiable at existing rates of duty.

Looms produce woven fabric by interlacing warp yarns, which run lengthwise through woven fabric, with filling yarns, which runs crosswise at right angles, by weaving over and under the yarns. Narrow fabrics, fabrics less than 12 inches in width, can be produced on either a conventional shuttle loom or on a shuttleless (needle) loom. Narrow fabric looms are used to produce flat goods of varing weights, yarns, construction, and finish. These looms produce items such as lightweight nonelastic tapes (ribbons), elastic webbing, elastic fibers, and bonded or slit topes.

According to industry sources, the last known U.S. producers of narrow fabric looms were Fletcher Industries of Southern Pines, N.C. and the Leesona Corporation of Charlotte, N.C. Fletcher Industries ceased production of narrow fabric looms in 1973. Company officials indicated that their narrow fabric looms were made obsolete with the introduction of needle looms. Officials also indicated that domestic demand is presently being satisfied by imports, products of the Leesona Corporation, and by used or reconditioned looms.

Imports of narrow fabric looms were as follows during 1979–83:

Year	Quantity (units)	Value
1979	234	$3,351,000
1980	296	3,331,000
1981	518	5,863,000
1982	896	6,976,000
1983	440	3,900,000

Switzerland, West Germany and Japan accounted for 59 percent of all U.S. imports of these machines in 1982 and 73 percent in 1983. Industry sources indicated that three companies dominate the U.S. import market. They are the Bonas Machine Company, Ltd. of the United Kingdom, Jacob Muller Ltd. of Switzerland, and OMM (Menegatto) of Italy.

There were no imports of narrow fabric looms from column 2 countries, from LDDC's or under the GSP during 1982 or 1983.

Exports of narrow fabric looms were as follows during 1979–83.

Year	Quantity (units)	Value
1979	280	$2,087,000
1980	182	968,000
1981	51	320,000

Year	Quantity (units)	Value
1982	44	1,168,000
1983	118	712,000

Industry officials indicated that exports consisted primarily of used or reconditioned looms. Mexico, Guatamala, Venezuela and the Republic of South Africa were the major foreign markets for these items during 1983, accounting for 32 percent of total exports.

Narrow fabric looms are provided for in item 670.14, TSUS, at a column 1 rate of 5.6 percent ad valorem. The rate applicable to least developed developing countries (LDDC's) is 4.7 percent ad valorem. Articles imported from designated beneficiary developing countries and classified under item 670.14 may be eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports from designated Caribbean countries may be eligible for duty-free treatment under the Caribbean Basin Initiative (CBI).

The staged rate reductions implemented in accordance with the Tokyo Round of Multilateral Trade Negotiations are indicated in the following table.

Rate effective with respect to articles entered on or after January 1

Year:	*Percent*
Pre-MTN [1]	7.0
1980	6.7
1981	6.4
1982	6.1
1983	5.9
1984	5.6
1985	5.3
1986	5.0
1987	4.7

[1] Rate effective prior to Jan. 1, 1980.

Section 165. Umbrella Frames

(Originally introduced as H.R. 5783 by Ms. Kaptur)

Section 165 would amend subpart B of part 1 of the Appendix to the TSUS by inserting in numberical sequence a new item 912.45 to suspend until September 30, 1985 the duty on frames for hand-held umbrellas chiefly used for protection against rain, provided for in item 751.20, part 8B, schedule 7.

Umbrella frames and skeletons of metal are presently classified under TSUSA item 751.20. This item is eligible for GSP treatment, except for Taiwan which was excluded effective April 1, 1984.

Umbrella frames and skeletons are made principally from metal and consist of a radiating frame which collapses around a central supporting shaft. Additional material, usually of fabric, paper or plastic is attached to the frame to form a completed umbrella which is chiefly used as a device for protection against the weather.

U.S. imports of frames of metal for hand-held umbrellas are estimated by the U.S. Customs Service to comprise approximately 97 percent of the imports under TSUSA item 751.2020. Imports of

frames for hand-held rain umbrellas increased erratically, both in terms of quantity and value for the period 1979–83. In terms of quantity, imports increased from approximately 620,000 units to over 1 million units, while in value, imports increased from an estimated $428,000 to $1.9 million.

There are not believed to be any exports of frames for hand-held umbrellas of metal.

Apparent U.S. comsumption of frames for hand-held umbrellas of metal increased, form 620,000 units to over 1 million units in terms of quantity, and from $428,000 to nearly $1.9 million in value. The ratio of imports to consumption was approximately 100 percent for all years considered, both in terms of quantity and value.

Umbrella frames and skeletons of metal are classified in TSUS item 751.20. The table below shows the column 1 rate of duty in effect prior to the Tokyo round of Multilateral Trade Negotiations, the staged reductions in the column 1 rate, and the column 2 rate of duty applicable to the subject frames. Imports from least developed developing countries (LDDC's) are dutiable at 12 percent ad valorem, the final stage of the duty reductions which will become effective on an MFN basis on January 1, 1985.

Imports from designated beneficiary developing countries under this tariff item are eligible for duty-free entry under the Generalized System of Preferences (GSP), except for those from Taiwan (which was excluded effective April 1, 1984, due to the so-called competitive need limitations). In addition, imports from designated beneficiary developing countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

UMBRELLA FRAMES AND SKELTONS OF METAL: U.S. RATES OF DUTY

[Percent ad valorem]

TSUS item	Description	Pre-MTN col. 1 rate [1]	Staged col. 1 rates of duty effective with respect to article entered on or Jan. 1								Col. 2 rate of duty
			1980	1981	1982	1983	1984	1985	1986	1987	
751.20	Umbrella frames and skeletons of metal.	30	27	24	21	18	15	12	12	12	60

[1] Rate effective prior to Jan. 1, 1980.

Section 171. Technical and Conforming Amendments

Section 171 contains a number of amendments to the TSUS to correct purely technical errors in the schedules. Most of these errors were contained in Public Law 97–446, the omnibus miscellaneous tariff bill which was passed very late in the 97th Congress. Although most of the errors were minor such as the ommission of a comma or the misspelling of an article description, many of them, such as those involving improper indentations, have resulted in the frustration of the legislative intent of the provisions.

Section 181. Effective Dates

Section 181 provides for the effective dates of the above provisions. In general, most of the provisions would be effective with respect to articles entered on or after the 15th day after the date of

enactment of this Act. However, section 118 would become effective on April 1, 1985, and sections 141 and 161 would become effective on September 30, 1984. Further, section 122 would become effective on a date to be proclaimed by the President and provision is made for the retroactive application under prescribed procedures of sections 133, 140, 145, 152, 153, 159, and 171 (a) and (b).

Section 201. Same Kind and Quality Drawbacks

(Originally introduced as H.R. 4316 by Mr. Frenzel)

Section 201 would amend section 313(j) of the Tariff Act of 1930 (19 U.S.C. 1313(j)) by inserting a new paragraph which would provide that 99% of the duty, tax or fee paid on certain imported merchandise shall be refunded as drawback even though only part, or none, of the imported merchandise may be actually exported or destroyed under Customs supervision. Drawback is provided if the same person requesting drawback, subsequent to importation and within three years of importation of the merchandise, exports from the United States or destroys under Customs supervision fungible merchandise (whether imported or domestic) which is commercially identical to the merchandise imported. In order to be eligible for drawback, the merchandise for which drawback is claimed shall not have been used within the United States before such exportation or destruction; it must have been in the possession of the person claiming drawback under this paragraph; and it must have been in the same condition at the time of exportation or destruction as was the imported merchandise at time of importation. Further, in no case may the refunded duty under this or any other section of law, exceed 99 percent of the duties paid on the imported merchandise.

This legislation provides for the substitution of merchandise of a commercially identical nature to expedite merchandise handling and inventory control. Subsection (j) currently provides that imported merchandise on which duty is paid is eligible for drawback if such merchandise is exported or destroyed under Customs supervision in the same condition as when imported, within 3 years after importation, unless such merchandise has been used within the United States. This legislation would clarify the principle of substitution by allowing merchandise of an identical commercial nature to be substituted for the merchandise being imported for purposes of drawback as long as the merchandise being exported or destroyed has not been used within the United States.

Section 202. Duty-Free Treatment for Certain Vessel Repairs and Equipments

(Originally introduced as H.R. 3330 by Mr. Archer)

Section 202 would amend section 466(e) of the Tariff Act of 1930 (19 U.S.C. 1466(e)) to provide that any vessel referred to in subsection (a) of section 466 that arrives in the United States two or more years after its last departure shall pay applicable duties only with respect to 1) fishnets and netting, and 2) other equipments, parts and materials purchased and repairs made during the first 6

months after the last departure from the U.S. This exemption from duty would not apply if the vessel is designed and used primarily for transporting passengers and property and the vessel departed the U.S. for the sole purpose of obtaining such equipment, parts, materials or repairs.

Section 202(b)(1) would make the amendment applicable to entries made in connection with arrivals of vessels on or after the 15th day after the date of the enactment of the Act.

Section 202(b)(2) would provide retroactive applicability for: 1) entry made before the 15th day after date of enactment but not liquidated as of January 1, 1983, or 2) entry made before the date of enactment but which is the subject of an action in a court of competent jurisdiction on the date of introduction of the Act. This is provided that proper notifications are made on or before the ninetieth day after the date of enactment of the Act and provided there would have been no duty if the amendment made by the first section of the Act were implemented.

U.S.-flag vessels engaged in three types of trade: (1) domestic trade (trade carried out only between U.S. Ports); (2) U.S./foreign trade (trade carried out between U.S. and foreign ports); and (3) foreign/foreign trade (trade carried out only between foreign ports). U.S.-flag vessels engaged in foreign/foreign trade compete directly with foreign-flag vessels and usually operate at a competitive disadvantage due to foreign operators' lower wages and lower shipyard maintenance and repair costs. Since U.S. flag vessels engaged in foreign/foreign trade are not eligible for subsidies, exempting these vessels from duties on foreign repairs and equipment would lower their operating costs and enhance their competitive posture in maritime trade.

A second category of vessels which are intended to be affected by this legislation consists of a myriad of small vessels, usually less than 500 DWT, who are engaged in the offshore supply vessel industry. It is believed that the world fleet is comprised of about 4,000 vessels with about 2,000 of them owned by U.S. firms. The vessels in this category consist of a variety of vessels including crew, tug, supply and combination-use vessels.

It is believed that about 400–500 of the total 2,000 U.S. owned vessels are currently in overseas service. The purpose of these vessels is to provide a logistical support system to offshore service and supply operations necessary to support the worldwide offshore oil exploration and production operation. This is a valuable resource to the United States maritime and industrial sectors. The ability to compete in the worldwide environment in this business is of extreme importance as United States industry expands its search for national resources around the world. This legislation will enhance the ability of this sector of the maritime industry to compete in the world marketplace for services.

The duty applicable to foreign-made equipment, parts, and materials for, and to repairs which are made in foreign ports upon, U.S.-flag vessels is provided for in section 466 of the Tariff Act of 1930. The prescribed rate of duty under the Act is 50 percent of the cost of such equipment or repairs in the foreign country and is assessed on the vessel's first arrival in a U.S. port. However, the duty may be remitted or refunded if the repairs are made or the equipment

was purchased under emergency conditions, if the equipment was manufactured in the United States and the labor to make the necessary repairs was performed by U.S. residents or members of the regular crew of the vessel, or if the equipment, materials, or labor was used for dunnage or temporary protection for cargo.

Currently, shrimp boats and "special purpose" craft such as certain barges, certain tugs, oil drilling rigs, and oceanography vessels that remain away from U.S. ports for 2 or more years are exempt from duty on foreign equipment and repairs. The proposed legislation is intended to broaden these exemptions, added in Public Law 91-654 of January 5, 1971, to include U.S.-flag cargo and passenger vessels and offshore supply vessels which remain away from U.S. ports for 2 or more years and did not depart from the United States for the sole purpose of obtaining such equipment or purchases. Fishnets and netting would not be eligible for exemption under the terms of this legislation.

The following tabulation presents the total number of transactions and the total revenues received from duties on foreign repairs and equipment on U.S.-flag vessels during fiscal years (October 1-September 30) 1977-82.

Year	Number of transactions	Total duties collected
1977	801	$1,929,471.43
1978	777	2,237,716.43
1979	648	2,195,672.14
1980	935	2,821,093.92
1981	1,338	7,490,396.66
1982	1,251	11,958,332.31

The unusually large increase in 1981 and 1982 duties collected reflects large amounts of uncollected billings from previous years which were collected.

The retroactivity provided in this legislation provides that if formal court proceedings challenging the payment of this duty have been initiated prior to the introduction of the bill, then the exemption would cover those cases. Currently, Customs proceedings which apply to ship repairs have a provision for making a formal protest of duty assessment which is frequently used for these matters. If the party is not satisfied with the Customs action, they may then commence formal court action for relief.

Section 203. Date of Liquidation or Reliquidation

(Originally introduced as H.R. 3159 by Mr. Gibbons)

Section 203 would amend section 505 of the Tariff Act of 1930 (19 U.S.C. 1505) by adding a new paragraph which would prescribe the due date of liquidation or reliquidation of duties to be 15 days after the date of liquidation or reliquidation and, if not paid within 30 days after that date, interest would be assessed from the 15th day after the date of liquidation or reliquidation at a rate determined by the Secretary of the Treasury. Further, this section would be ef-

fective thirty days after enactment and any pending duties would be due thirty days following enactment.

This section would also amend section 520 of the Tariff Act of 1930 (19 U.S.C 1520) by adding a new paragraph which would provide for interest to be paid by the government if a determination is made to reliquidate an entry as a result of a protest filed under section 514 of the Act or if an application for relief is made under subsection (c)(1) of Section 520 of the Tariff Act of 1930 or if reliquidation is ordered by an appropriate court. Interest would be paid on the amount of overcharge at a rate to be determined by the Secretary of the Treasury and determined as of the 15th day after the date of liquidation or reliquidation. Interest would be calculated from the date of payment to the date of refund or the filing of a summons under 2632 of title 28, United States Code, whichever occurs first.

The rate of interest to be assessed under this legislation should be determined in the same manner as the Secretary of the Treasury currently determines the rates of interest applicable to underpayments and overpayments of income taxes pursuant to 26 U.S.C. 6622 with the rate based on the prime interest rate charged by banks and with provision for adjustment of the rate on March 31 or September 30 of each year.

The Committee understands that Customs will take no disciplinary action against importers solely on the grounds of failure to pay increased or additional duties on liquidation or reliquidation until a decision is reached on a protest filed under section 514.

Currently, a deposit of the estimated duties owed must be made at the time of entry of merchandise, other than entry into warehouse, for transportation, or under bond. If it is determined that additional or increased duties are due, the appropriate customs officer must collect them. If any excess duties are being refunded, no interest is payable thereon. No time limits are fixed for the payment of additional or increased duties, and no interest on such amounts owed can be assessed. The increased duties need not be paid on liquidation and need not be deposited in order to protest their assessment before the Customs Service; they must be paid prior to filing a civil action in the Court of International Trade, or the expiration of the time for filing such an action (180 days).

The procedures for collecting duties beyond the deposited amount and for refunding excess duties paid are as follows:

A notice of any additional or increased duties being assessed must be sent to the importer of record or to the actual owner of the imported merchandise. Regulations of the U.S. Customs Service provide procedures for the refunds of excess duties collected. 19 CFR 24.36. Separate application to the assistant regional commissioner of the pertinent internal revenue region must be made for refunds of excess internal revenue taxes paid.

Finally, regulations require that notice of liquidation of formal entries be given by bulletin notice and provide for notice of liquidation of other entries including entries liquidated by operation of law. 19 CFR 159.9–159,10. While courtesy notices of the liquidation of certain entries may be sent to importers or their agents, the actual bulletin notices are posted in the various customhouses, each notice covering entries filed at that customs port of entry or

station. Thus, an importer or other person must check the bulletin notices regularly to ascertain whether entries have been liquidated and the dates of such liquidation if a refund is due, but a bill for any additional or increased duties owed will be sent.

This legislation is strongly supported by U.S. Customs and the U.S. Treasury.

Until February 18, 1982, the United States Customs Service had based its debt collection responsibilities upon the proposition that "[a] bill for duties, taxes, or other charges is due and payable upon receipt thereof by the debtor" (19 CFR 24.3(e)). However, on February 18, 1982, the United States Court of Customs and Patent Appeals upheld a decision of the Court of International Trade in the case of *United States* v. *Heraeus-Amersil, Inc.*, 671 F.2d 1356. The decision provides that increased or additional duties determined to be due on liquidation or reliquidation are not due and payable by the importer until either the protest period has expired without a protest being filed (90 days after liquidation or reliquidation), or where a protest has been filed and denied, the time to appeal to the Court of International Trade under 28 U.S.C. 1581(a) has expired (180 days after denial). Thus, in the latter situation, collection efforts cannot be initiated for a minimum of 270 days.

The effect of the proposed legislation would be to allow Customs to take immediate steps to collect monies determined to be due and payable to the United States. If the duties were not paid within the time allotted by this bill, then the importers would be assessed interest in accordance with section 306 of Public Law 96-304 and regulations to be promulgated by the Customs Service.

Without legislation to overturn the *Heraeus* decision and with the current high interest rates prevailing throughout the country, it is anticipated that any normal business entity, legally able to delay payment of large sums of money without interest, would take advantage of that opportunity.

The second part of this legislation recognizes the inherent fairness of a reciprocity of payment of interest when the importer has been able to sustain his position in an appropriate forum. It is similar to but, as regards increased or additional duties, goes beyond 28 U.S.C. 2644 which allows interest to be paid to a successful plaintiff in the Court of International Trade but only from the date of filing of the summons, regardless of the date of payment. The rate of interest to be paid will be that applicable to a late payment of the particular entry.

For purposes of this legislation, liquidation shall be defined as the final computation or ascertainment of the duties or drawback occurring on an entry (19 CFR 159.1).

As discussed above, the U.S. Customs service has continually based its debt collection responsibilities upon the proposition that "[a] bill for duties, taxes, or other charges is due and payable upon receipt thereof by the debtor." (19 CFR 24.3(e)). The decision by the U.S. Court of Customs and Patent Appeals has determined that increased or additional duties determined to be due on liquidation or reliquidation are not due and payable by the importer until either the protest period has expired without a protest being filed or where a protest has been filed and denied, the time to appeal to

the Court of International Trade under 28 U.S.C. 1581(a) has expired.

Section 204. Increase in Value of Goods Eligible for Informal Entry

(Originally introduced as H.R. 4178 by Mr. McKinney)

Section 204 would increase the dollar amount which determines whether imported merchandise may be entered by informal entry procedures from the current level of $250 to $1,250. The $250 amount was last increased in 1953 from the previous level of $100 enacted in the Tariff Act of 1930. The increased limit would not apply to . . . articles valued in excess of $250 classified in "schedule 3, parts 1, 4A, 7B, 12A, 12D and 13B of schedule 7 and parts 2 and 3 of the Appendix of the Tariff Schedules of the United States, or to any other article for which formal entry is required without regard to value".

The provision would be effective alter the 15th day after the date of the enactment of this Act.

All merchandise imported into the customs territory of the United States must be "entered." The entry of that merchandise means that the consignee (or importer, or agent of either) has filed with the appropriate Customs officer the documentation required to secure the release of the imported merchandise from Customs custody. Whereas the formal entry procedure ordinarily requires the services of a customshouse broker, the posting of bonds, a formal appraisement of the merchandise, and the like, the informal entry procedure generally requires no bond, no formal appraisement, and permits the entry documents to be filled out by the importer.

The requirements for making a formal entry are set forth in section 484 of the Tariff Act of 1930, as amended (19 U.S.C. 1484) and part 141 of the Customs Regulations (19 C.F.R. 141). Such entries must be prepared by an importer, or his agent, and must be accompanied by a number of documents such as an invoice, a bill of lading, or a carrier's certificate. The importer is required to obtain a bond and the goods must be appraised and classified by a customs officer, after which the entry is liquidated. Among the data required on a formal entry for statistical purposes are the 7-digit Tariff Schedules of the United States Annotated (TSUSA) reporting number, countries of origin and exportation, date of exportation, quantities, entered and transaction values, and transportation charges.

Generally, shipments of merchandise valued at $250 or less are permitted to be entered under an "informal entry." An informal entry is one in which documentation requirements are held to a minimum (usually a single brief Customs form), and release of the merchandise is immediate upon payment of any estimated duties and taxes. Section 143.21, Customs Regulations (19 C.F.R. 143.23), sets forth the documentation required for such entries. The informal entry document is usually completed by the importer (or the customs officer for the importer) at the place where the imported merchandise is examined and released by the customs officer (e.g.,

pier, airport terminal, etc.). There is no formal appraisement of the goods; few supporting documents are required; and the importer is not required to obtain a bond. Whereas detailed statistical data must be provided for formal entries, the Census Bureau no longer compiles import statistics on informal entries directly from the forms filed by importers with the Customs Service. These forms are no longer sent to the Census Bureau. The Census Bureau now estimates data on informal entries based on the preceding year's entered values.

Data for low-valued entries (i.e., entries valued at $1,250 or less) are not reported in the same detail, nor with the same frequency, as data for entries valued over $250. However, the Census Bureau has published estimates of U.S. imports valued at $250 or less through 1981.

In 1980, more than 75 TSUS items were reported by the Census Bureau as having at least $750,000 in low-valued entries. The aggregate value of the low-valued entries classified in these 75 items was in excess of $263 million. Thus, for example, low-valued entries classified in TSUS item 790.30 (harness, saddles and saddlery, and parts thereof) totaled more than $6.6 million in 1980. However, formal entries for this item in 1981 totaled more than $11.7 million.

The Committee understands that the Census Bureau will continue to compile and report statistics on excepted products valued over $250 in the same way and with the same frequency as the Bureau currently does for commodities reported on formal import documents.

Section 205. Operation of Certain Duty-Free Sales Enterprises

(Originally introduced as H.R. 3983 by Mr. Heftel)

Section 205 would amend section 555 of the Tariff Act of 1930—a provision dealing with customs bonded warehouses—to permit State and local government authorities having jurisdiction over airports or other exit points to require that operators of duty-free sales enterprises in such locations obtain concessions or approval before beginning business. Moreover, the legislation would prohibit transfers of merchandise covered by customs bonds to such facilities unless operators who are required to obtain concessions produce evidence of compliance to the Secretary of the Treasury. Finally, the legislation sets forth a definition of the term "duty-free sales enterprise."

The legislation would expressly protect the right of State and local governments to collect revenues through the use of licenses for such stores, and provide a means for assuring that other requirements of these government entities are met. The legislation would have no effect on duty-free shops in locations where concessions are not demanded.

Section 205 would expressly protect the right of State and local governments to collect revenues through the use of licenses for such stores, and provide a means for assuring that other requirements of these government entities are met.

"Duty-free stores," as operated in the United States, are bonded warehouses covered by special Customs procedures wherein merchandise is offered for sale, to travellers leaving the customs territory, without payment of U.S. duties and taxes. Such stores are not specifically provided for in statutes or regulations; their administration has been accomplished by means of Customs' internal directives and circulars.

Since the Customs Service is responsible for approving applications to operate bonded warehouses, including the stores, and since there is often limited available space for new operations, there have been numerous disputes over operating rights—involving Customs, existing stores, public authorities, and prospective stores. Public authorities (State or local port authorities, etc.) which own or control facilities may require a potential operator to obtain a concession (a grant by the government entity of specific privileges, usually in return for a payment and/or a share of revenues); however, the Customs Service reviews applicants to see if they will comply with Customs regulations, not on the basis of possession of a concession. Thus, an applicant having such a grant may fail to be approved by Customs, while one not holding a concession may receive Customs' permission to operate a warehouse or store. The proposed legislation would effectively terminate the movement of bonded merchandise into any duty-free sales enterprise for sale and export unless State and local approval has been given.

Section 206. Customs Brokers

(Originally introduced as H.R. 5418 by Mr. Frenzel)

Section 206 makes comprehensive changes to section 641 of the Tariff Act of 1930 relating to customs brokers. Section 206 for the first time, defines the term "customs business" and restricts the scope of Customs' review of customs brokers to such customs business. It also specifies that only licensed brokers may conduct customs business for third parties; sets forth licensing and permit procedures; establishes a duty for customs brokers to exercise responsibility and control over its customs business; provides for disciplinary proceedings, including monetary penalties and revocation or suspension of licenses or permits under prescribed procedures. Procedures are also provided for judicial appeal of administrative action. Brokers licenses are subject to suspension and revocation if the required triennial reports are not timely filed with the Secretary of the Treasury and the Secretary is given the authority to assess reasonable fees and charges to defray, on an aggregated basis, the costs of carrying out the provisions herein.

Section 206 makes conforming changes to other provisions of law to clearly establish that the Court of International Trade has exclusive jurisdiction over decisions of the Secretary of the Treasury pursuant to section 641, as amended by this legislation and amends section 520(a) of the Tariff Act to authorize Customs to issue refunds prior to liquidation in the case of clerical error.

This legislation has been developed with the cooperation and collaboration of the National Customs Brokers and Forwarders Association of America, the J.F.K. Airport Customs Brokers Association

and the U.S. Customs Service. It changes and improves current law in a number of respects.

The bill permits a license to be granted to any corporation, association, or partnership if one officer or partner is a broker, rather than the two specified in current law. Further, rather than requiring a broker to apply for and obtain a license in each district in which it operates as is currently the case, the legislation provides for the issurance of a national license. Any licensed broker may then obtain a permit for each district in which he conducts customs business so long as he regularly employs in each such district at least one individual who is licensed under subsection (b)(2) to exercise reasonable supervision and control over the customs business conducted in that district. This provision is designed both to streamline the licensing procedures and to improve the quality of the work product of brokers operating in several districts by requiring the presence of a licensed broker to exercise responsible supervision and control over the work performed in each district office.

A limited exception to the requirement that a licensed broker be regularly employed in each district for which a permit is sought is provided if the Secretary is satisfied that—

(1) a licensed broker is regularly employed in the region in which the district is located; and

(2) sufficient procedures exist within the company for that person to exercise reasonable supervision and control over the customs business conducted in that district.

It is expected that the Secretary will publish regulations outlining the types of controls and procedures that regional offices will need to maintain in order to be considered eligible for this limited exception.

This legislation also gives Customs the opportunity to more closely examine the qualifications of potential brokers, and to apply penalities more effectively when brokers have violated the terms of their licenses. For the first time, Customs would be able to assess a monetary penalty, up to $30,000, for violations, in lieu of suspension or revocation of licenses. Monetary penalty cannot be assessed for non-Customs crimes such as larceny or extortion. A section is included that classifies what actions by brokers can constitute a penalty, revocation or suspension.

The United States Customs Service, recognizing that it presently has no statutory authority to impose monetary penalities, has agreed that it will not attempt to impose monetary penalities authorized by this legislation until regulations interpreting and imposing guidelines pursuant to the statutory language are in effect. These regulations will clearly delineate maximum penalties for various types of violations based upon the degree of culpability and the nature of the violation. The type of regulations anticipated will be similar to those now in place relating to 19 USC 1592. Further, the U.S. Customs Service has agreed that proceedings for "suspension or revocation" of a Customs broker's license will only be initiated where there is evidence supporting a reason to believe that a "serious violation" has occurred. Customs also is committeed to establishing regulations which will more specifically define those circumstances where a suspension or revocation would be appropriate.

It is understood that the type of violation which would lead to an imposition of a monetary penalty, as the initial demand, constitutes a less serious offense than that needed for the initial notice demanding a suspension or revocation.

Current law requires brokers to notify Customs each 3 years as to whether they are still in business. With this legislation, if these reports are not filed, individual broker's licenses may be suspended until filed or revoked.

The legislation also authorizes Customs to charge fees to brokers for carrying out its provisions but fees may not be imposed to defray the costs of an individual audit or of individual disciplinary proceedings of any nature.

Section 211. Civil Aircraft Agreement

(Originally introduced as H.R. 5453 by Mr. Gibbons)

Section 211 would give the President the authority to proclaim modifications to a number of enumerated items in the TSUS in order to provide duty-free coverage comparable to the expanded coverage provided by all other signatories to the Agreement on Trade in Civil Aircraft under a recent GATT agreement to expand such coverage.

It also provides that for purposes of section 125 of the Trade Act of 1974, the duty-free treatment proclaimed under this Act shall be considered to be trade agreement obligations.

The GATT Agreement on Trade in Civil Aircraft was concluded in 1979, and contains an Annex which enumerates certain aircraft parts for which the signatories agreed to provide duty-free treatment.

Article 8.3 of the Agreement provided that prior to December 31, 1983, negotiations be undertaken by the signatories to, among other things, expand the product coverage of the Annex. Negotiatins to accomplish this were concluded last fall and resulted in a list of additional aircraft parts which each of the signatories to the Agreement would afford duty-free status as of January 1, 1985. The proposed legislation would authorize the President to implement the United States' duty reductions under this multilateral agreement. It is the Committee's understanding that the President will not exercise the tariff authority provided in the proposed legislation until he has determined that Canada, the European Economic Community, and Japan will implement reciprocal duty-free treatment.

Section 212. Duty-Free Entry of Articles Required for the Installation and Operation of a Telescope in Arizona

(Originally introduced as H.R. 5429 by Mr. McNulty)

Section 212 would provide for the duty-free entry into the United States of instruments and apparatus (within the meaning of headnote 6(a) to part 4 of the schedule 8 of the TSUS) for use in the installation or operation of a sub-mm telescope in Arizona which is the subject of a joint astronomical project undertaken by the Stew-

ard Observatory of the University of Arizona and the Max Planck Institute.

The intent of this legislation is to facilitate scientific cooperation between the Steward Observatory of the University of Arizona located on Tucson, and the Max Planck Institute for Radioastronomy in Bonn, West Germany, by allowing duty-free treatment of items imported into the United States for the installation and operation of a jointly owned sub-mm telescope (SMT). The SMT is to be constructed in Southern Arizona on a site provided by the University of Arizona. The estimated $4 million cost of the project is to be shared by the two institutions.

In 1982, the University of Arizona signed a Memorandum of Understanding with Max Planck Institute for Radioastronomy in Bonn, West Germany, which provided for the building of a new $4 million SMT in southern Arizona on a site provided by the University of Arizona. The SMT is the first telescope in the world to work at a radio wavelength frequency of 1.3 millimeter, at which frequency radiation from astronomical objects can still penetrate the earth's atmosphere. This wavelength range, which is still largely unexplored, appears to hold the key to understanding the interstellar medium and the process of star formation.

The telescope design reportedly incorporates many state-of-the-art technological features. The reflector and backup structure will be made of carbon fiber reinforced plastic (CFRP), also known as graphite epoxy, which has a remarkably high strength and low thermal expansion coefficient. The reflector surfaces will be made of precision replicated sandwich panels formed from an aluminum core and CFRP face sheets utilizing a recent breakthrough in technique resulting from a University of Arizona—West Germany collaborative effort. The panels will be replicated from very high accuracy pyrex molds generated at the University of Arizona's Optical Sciences Center. Conversations with persons knowledgeable about the project indicate that the SMT telescope may well be unique, i.e., it may incorporate articles not normally manufactured in the United States.

In addition to detailing the specifics of joint obligations regarding the construction, installation, and operation of the SMT, the Memorandum of Understanding also refers to proposed customs arrangements. In particular, the University of Arizona, with the support of the Max Planck Institute (MPI), is to try to obtain a "waiver of customs duties on SMT components imported from West Germany." The key point regarding customs arrangements in the agreement is that if the University of Arizona is unable to obtain a waiver of customs duties, it will seek "alternative solutions acceptable to MPI" at an appropriate time.

The articles to be imported from the Federal Republic of Germany include the following items:

1. Telescope mount and control electronics.
2. Reflector support structure.
3. Reflector panels.
4. Secondary mirror support structure.
5. Microwave receivers, bolometers, and associated electronic systems.
6. Cryogenic dewars, compressors, and vacuum pumps.

7. Analog and digital computer interfaces, including CAMAC crates.

8. Electronic and microwave test equipment.

9. Semiconductor devices such as mixer diodes, bolometers, and solidstate oscillators.

10. Vacuum tubes such as klystrons and carcinotrons.

11. Laser local oscillator systems.

12. Auxiliary instrumentation for use with SMT.

13. Computer systems for telescope control, data acquisition, and data reduction.

In addition to the items mentioned above, many other articles would be utilized for the construction, installation, or operation of the telescope.

The total value of imports mentioned above is estimated by the SMT project management to be about $2 million. Of this, about $1 million is for the imported components of the telescope itself and an estimated additional $1 million is for the other imported items associated with the installation and operation of the SMT. Two million dollars is the projected cost for the building to house the SMT. According to the University of Arizona project manager, the components of the telescope are unique, "one of a kind" items that are not manufactured in the United States. Other items, such as the computer systems, are to be manufactured in the United States. In fact, the University of Arizona already has had discussions concerning the manufacture of some of the computer equipment here.

The Tariff Schedules of the United States (TSUS) accords duty-free treatment to articles "entered for the use of any nonprofit institution, whether public or private, established for educational or scientific purposes." Specifically, "instruments and apparatus" may enter free of duty under item 851.60 and repair components for such instruments or apparatus may enter free under item 851.65. "Instruments and apparatus" are defined in headnote 6(a) to schedule 8, part 4, as follows:

The term *"instruments and apparatus"* (item 851.60) embraces only instruments and apparatus provided for in—

(i) schedule 5: items 535.21–.27 and subpart E of pat 2: and items 547.53 and 547.55 and subpart D of part 3;

(ii) schedule 6: subpart G of part 3; subparts A and F and items 676.15, 676.20, and 678.50 of part 4; part 5; and items 694.16, 694.50, 694.63, and 696.60 of part 6; and

(iii) schedule 7: part 2 (except subpart G); and item 790.59–.62 of subpart A of part 13.

Section 213. Duty-Free Entry of Organs Imported for the Use of Trinity Cathedral of Cleveland, OH

(Originally introduced as H.R. 5436 by Ms. Oakar)

Section 213 would provide for retroactive duty-free entry of pipe organs manufactured in the Netherlands, and imported for the use of Trinity Cathedral of Cleveland, Ohio, during 1973–1978.

Pipe organs vary greatly in size and quality and include the largest and most powerful musical instruments in the world. They are used almost exclusively in churches, auditoriums, and other large

assembly areas. In practically all instances these instruments require customized design, construction, and installation. Differences between the domestic and imported articles are essentially ones of consumer preferences, influenced to some degree by price.

According to estimates of the APOBA, U.S. producers' shipments of pipe organs during 1979–83 annually averaged 250 units, valued at $37.5 million. Estimated shipments ranged from 200 units valued at $30.0 million in 1982, to 300 units valued at $45.0 million in 1981.

U.S. imports of pipe organs increased by 36 percent in terms of quantity, from 66 units to 90 units; the value increased by 33 percent, from $4.0 million to $5.3 million during the period 1979–83. Canada was by far the leading supplier of pipe organs during the period. Canada's share of the imports ranged from 53 percent to 69 percent of the quantity, and from 66 percent to 84 percent of the value during 1979–83. Other suppliers included West Germany, the Netherlands, Austria, and Italy.

The rise in imports of pipe organs is attributable, in part, to increased demand for less-expensive pipe organs than are customarily produced domestically. Such cost-savings programs by churches, the principal purchasers of the organs, are, to a degree, believed to be a result of the economic recession during this period.

U.S. exports of pipe organs have traditionally been negligible.

Estimated apparent U.S. consumption of pipe organs increased from 316 units valued at $41.5 million in 1979, to 340 units valued at $42.8 million in 1983. The ratio of imports to consumption increased from 21 percent to 26 percent, in terms of quantity, and from 10 percent to 12 percent in terms of value. Apparent consumption peaked at 357 units valued at $49.6 million in 1981. Note that data on consumption (i.e., delivery) of pipe organs may reflect sales made 18 months to 2 years earlier.

Pipe organs imported from the Netherlands are classified under item 725.10. As a result of the Multilateral Trade Negotiations in Geneva (Tokyo round), the column 1 rate of duty was reduced to free, effective January 1, 1981. LDDC imports also receive the column 1 rate of duty. The current column 2 rate of duty for item 725.10 is 35 percent ad valorem. Since the most-favored-nation (MFN) rate is free on a permanent basis, there is no occasion for GSP or CBI preferential treatment.

Section 214. Columbia-Snake Customs District

(Originally introduced as H.R. 5625 by Mr. Wyden)

Section 214 would require the Commissioner of Customs to establish a customs district in the Pacific Northwest to be called the "Columbia-Snake Customs District" with headquarters in Portland, Oregon.

The existing configuration of the Customs Service has the Columbia-Snake area carved up into three Customs District offices, reporting to two different regional Customs offices—Los Angeles and Chicago.

The Oregon Customs District includes all of Oregon and several port districts in Southwest Washington. The rest of the State of

Washington is part of the Seattle Customs District. Oregon and Seattle are part of the Los Angeles Customs Region. The State of Idaho is part of the Great Falls, MT, district, which is part of the Chicago Customs Region.

The new Columbia-Snake Customs District will include all of the existing Oregon District and will be expanded to include all the counties in Southern Washington State directly opposite Oregon. It will also include Franklin, Adams and Whitman counties in Washington State as well as that part of Idaho south of the 47th parallel, which lies just above the City of Lewiston. Finally, the legislation designates Boise as a federal port of entry for customs and commerce purposes.

The goal of this legislation is to modify the existing customs district boundaries to better conform to the actual, natural trade area of the growing Columbia-Snake system. This change will facilitate cooperation and coordination of marketing, trade, and government services into a region within which the trade now occurs.

Shippers, brokers, freight forwarders, all of whom support this legislation, and transportation providers would only have to work with one office to serve this natural trade area.

Section 215. Sense of Congress Regarding Possible EEC Action on Corn Gluten

(Originally introduced as H. Res. 496 by Mr. Durbin)

Section 215 would express the sense of Congress that the President should continue to oppose firmly the imposition by the European Community (EC) of any restriction of EC imports of nongrain feed ingredients, including corn gluten, and should support the current duty-free binding on such products. The section would also express the sense of Congress that the President should continue to oppose rigorously any EC proposals which would violate the intent of the existing duty-free binding in the GATT on soybeans and soybean products, and reaffirm the U.S. conviction that imposition of a consumption tax on vegetable fats and oils by the EC would represent a restraint of trade.

The section would further express the sense of Congress that, if the EC takes unilateral action to restrict or inhibit the importation of either nongrain feed ingredients or vegetable fats and oils, the U.S. should act immediately to restrict EC imports of at least the aggregate value of the reduced and potentially reduced U.S. export products.

In April of this year, the EC officially announced that it would seek restrictions on imports of U.S. corn byproducts, and requested consultations with the U.S. under Article XXVIII of the GATT. This announcement followed consideration by the EC, over the course of the previous year, of several proposals to reform the Common Agricultural Policy (CAP). Two of these proposals were the imposition of a consumption tax on vegetable fats and oils, and the limitation on imports of nongrain feed ingredients, including corn gluten.

While these proposals were under consideration by the EC Council of Ministers, the U.S. voiced its opposition to both proposals. In

November of 1983 the House and Senate both passed resolutions urging that the proposed changes in the CAP be strongly opposed by the U.S. Both the USTR and the Secretary of Agriculture communicated the position of the U.S. to the EC.

Despite these efforts by the U.S., as well as the opposition of certain EC Member States, in March of 1984 the EC Council of Ministers agreed to authorize a request for formal US-EC discussions to restrict imports of nongrain feed ingredients. On June 12 the first meeting was held in Brussels for U.S. representative and EC representatives to discuss the EC proposal.

The EC seeks to withdraw previously negotiated duty-free import concessions to corn gluten feed imports by limiting the annual duty-free import volume to 2.9 mmt. Any amount above this quota would be subject to the variable levy already applied to corn imports. Restrictions for three other corn byproducts were also discussed: distillery dried grain residue would be subject to a 400,000 ton import quota, corn germ cake with less than 3 percent fat to 750,000 tons, and corn germ cake with greater than 3 percent fat to 350,000 tons. Variable levies would be assessed on amounts above these levels, based on the existing corn levy.

Corn gluten feed is one of the largest single U.S. farm products exported to the EC. U.S. exports of nongrain feed ingredients to the EC in 1983 totalled about $773 million, of which about $562 million were exports of corn gluten feed. The volume of corn gluten exports to the EC in 1983 was 3.6 mmt, and increasing at a steady pace.

Although the U.S. recognizes that the EC has the right to withdraw bindings under GATT rules, adequate compensation must be offered. It is the position of the U.S. that no compensation would be adequate, given the size and importance of this trade to the U.S. Under standard procedures of the GATT, negotiations are based upon the three most recent years of trade, which average about 3 mmt—well below the U.S. 1983 export volume—and don't consider future increases due to a growing market. The efforts by the EC to impose import restrictions on nongrain feed ingredients, and the potential for future efforts to impose a consumption tax on vegetable fats and oils, pose a great threat to U.S. agricultural interests, and must continue to be opposed by the U.S. government.

Vote of the Committee in Reporting the Bill

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the bill. H.R. 6064 was ordered favorably reported without amendment by the Committee by voice vote.

Oversight Findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee concluded, as a result of its review of the circumstances existing with respect to each of the products and the provisions of trade law involved, that it would be desirable to enact H.R. 6064 by

reason of the considerations outlined above in the section-by-section analysis and justification.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in this bill.

Budgetary Authority and Cost Estimates, Including Estimates of Congressional Budget Office

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 6064 does not provide any new budget authority or any new or increased tax expenditures.

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee provides below information furnished by the Congressional Budget Office on H.R. 6064, and required to be included therein:

U.S. Congress,
Congressional Budget Office,
Washington, DC, September 11, 1984.

Hon. Dan Rostenkowski,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has examined H.R. 6064, a bill to change the tariff treatment for certain articles and other purposes, as ordered reported by the Committee on Ways and Means on August 1, 1984. The bill would make numerous changes, both permanent and temporary, in tariff treatment of imported goods. The bill would also alter certain customs procedures.

The revenue and spending effects shown in the table are based on information provided by the International Trade Commission and the U.S. Customs Service. The estimates assume an effective date of October 1, 1984. The estimated revenue loss declines over time because most duty reductions or suspensions only cover two or three years and because current law contains staged rate reductions for many of the items covered by the bill. (These tariff rate reductions, which are phased in over several years, cause lower customs collections over time, thus the revenue loss resulting from forgoing those collections declines.)

ESTIMATED COST OF H.R. 6064

[Fiscal years, in millions of dollars]

	1985	1986	1987	1988	1989
Estimated revenues	−75	−63	−48	−28	−20
Estimated authorization level	−11	−11	−11	−11	−11
Estimated outlays	−10	−11	−11	−11	−11
Net increase in deficit	65	52	37	17	9

The outlay effect results from administrative savings associated with an increase in the maximum limit for informal entry procedures. Informal entry is an expedited procedure for goods under a certain value. The estimate shown assumes that the Secretary of the Treasury would set the limit at $1,000 and about 1.2 million entries annually would be processed informally rather than formally as a result of this new limit. The savings associated with this bill fall within budget function 750, and would be realized through reductions in appropriations. The bill would not affect current levels of tax expenditures or the budgets of state or local governments.

It should be noted that the above estimate does not include several provisions in the bill that may result in some budget impact; however, there is no reliable basis to estimate these amounts. We would be pleased to provide further information upon request.

With best wishes.

Sincerely,

RUDOLPH G. PENNER, *Director.*

INFLATIONARY IMPACT STATEMENT

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 6064, involves varying amounts of annual revenue loss between fiscal years 1985 and 1989 of a maximum of 75 million in fiscal year 1985. This would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES—GENERAL HEADNOTES

* * * * * * *

9. *Definitions.*—For the purposes of the schedules, unless the context otherwise requires—

(a) the term "entered" means entered, or withdrawn from [warehouse, for consumption] *warehouse for consumption,* in the customs territory of the United States;

* * * * * * *

SCHEDULE 1.—ANIMAL AND VEGETABLE PRODUCTS

* * * * * * *

Item	Articles	Rates of Duty 1	LDDC	2
	PART 8.—VEGETABLES			
	Subpart A.—Vegetables, Fresh, Chilled, or Frozen			
	* * * * * * *			
	Asparagus:			
135.03	*If fresh or chilled; entered during the period from September 15 to November 15, inclusive, in any year; and transported to the United States by air.*	*5% ad val.*		*50% ad val.*
135.05	*Other*	*25% ad val.*		*50% ad val.*
	Vegetables, fresh, chilled, or frozen (but not reduced in size nor otherwise prepared or preserved):			
	Beans:			
	Lima beans:			
135.10	If entered during the period from June 1 to October 31, inclusive, in any year.	3.5¢ per lb.		3.5¢ per lb.
	* * * * * * *			
	PART 12.—BEVERAGES			
	* * * * * * *			
	Subpart A.—Fruit Juices			
	* * * * * * *			
	Fruit juices, including mixed fruit juices, concentrated or not concentrated, whether or not sweetened:			
	Not mixed and not containing over 1.0 percent of ethyl alcohol by volume:			
165.15	Apple or pear	[Free] *0.1¢ per gal.*		5¢ per gal.
	* * * * * * *			
165.27	*Orange:*			
	Not concentrated and not made from a juice having a degree of concentration of 1.5 or more (as determined before correction to the nearest 0.5 degree).	*20¢ per gal.*		*70¢ per gal.*
165.29	*Other*	*35¢ per gal.*		*70¢ per gal.*
	* * * * * * *			

SCHEDULE 2.—WOOD AND PAPER; PRINTED MATTER

Item	Articles	Rates of duty 1	LDDC	2
	PART 3.—WOOD VENEERS, PLYWOOD AND OTHER WOOD-VENEER ASSEMBLIES, AND BUILDING BOARDS			
	Part 3 headnotes;			
	1. For the purposes of this part, the following terms have the meanings hereby assigned to them:			
	(a) *Wood veneers.* Wood sheets or strips, regardless of thickness, quality or intended use, produced by the slicing or rotary cutting of logs or flitches; and wood sheets, not over ¼ inch in thickness, produced by sawing and of a type used to overlay inferior material;			

SCHEDULE 2.—WOOD AND PAPER; PRINTED MATTER—Continued

Item	Articles	Rates of duty		
		1	LDDC	2
	(b) *Plywood:* Rigid wood-veneer assemblies bonded together with adhesive substances having a central ply or core of wood veneer or lumber with one or more plies of wood veneer on each side thereof, the grain of at least one ply being at an angle (usually a right angle) with the grain of one or more of the other plies, including such assemblies the face ply (or plies) of which has been mechanically scored, striated, or similarly processed *or any edge of which has been tongued, grooved, lapped, or otherwise worked;*			
	(c) *Wood-veneer panels:* Rigid wood-veneer assemblies, bonded together with adhesive substances, except plywood, with a wood-veneer ply on one side of a backing, or on both sides of a core, which backing or core may be composed of lumber, veneer, hardboard, wood particle board, or other material, including such assemblies the face ply (or plies) of which has been mechanically scored, striated, or similarly processed *or any edge of which has been tongued, grooved, lapped, or otherwise worked;*			
	(d) *Cellular panels:* Rigid assemblies bonded together with adhesive substances with both sides or faces consisting of veneer, plywood, lumber, wood-veneer panels, hardboard, wood particle board, or other board composed of vegetable fibers, and with a core of hollow, honeycomb, or sponge-like construction, whether or not the interstices are filled with loose or loosely matted fibrous materials; and			
	(e) *Building boards:* Panels of rigid construction, including tiles and insulation board, [chiefly used in the construction of walls, ceilings, or other parts of buildings.] *other than plywood, wood-veneer panels, or cellular panels.*			
*	* * * * * * *			

SCHEDULE 3.—TEXTILE FIBERS AND TEXTILE PRODUCTS

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 1.—TEXTILE FIBERS AND WASTES; YARNS AND THREADS			
*	* * * * * * *			
	Subpart E.—Man-Made Fibers			
	Subpart E headnotes: 1. * * *			
*	* * * * * * *			
	3. For the purposes of this subpart— (a) the term *"filaments"* embraces monofilaments, plexiform filaments, and grouped filaments, however produced; (b) the term *"monofilaments"* embraces single filaments (including single filaments of laminated construction or produced from two or more filaments fused or bonded together), whether solid or hollow, whether flat, oval, round, or of any other cross-sectional configuration, which are not over 0.06 inch in maximum cross-sectional dimension;			

SCHEDULE 3.—TEXTILE FIBERS AND TEXTILE PRODUCTS—Continued

Item	Articles	Rates of duty 1	LDDC	2
	(c) the term *"plexiform filaments"* embraces flexible filaments [each of which consists] *and fibrillated or fibrillating strips of any dimension which consists, after fibrillation in the case of strips,* of a network or plexus of fine fibers and which are suitable for the manufacture of textiles; (d) the term *"strips"* embraces *non-fibrillated or non-fibrillating* strips (including strips of laminated construction), whether or not folded lengthwise, twisted, or crimped, which in unfolded, untwisted, and uncrimped condition are over 0.06 inch but not over one inch in width and are not over 0.01 inch in thickness;			
* * * *		*	*	*
	PART 4.—FABRICS OF SPECIAL CONSTRUCTION OR FOR SPECIAL PURPOSES; ARTICLES OF WADDING OR FELT; FISH NETS; MACHINE CLOTHING			
* * * *		*	*	*
	Subpart A.—Knit, Pile, Tufted, and Narrow Fabrics; Braids, and Elastic Fabrics			
* * * *		*	*	*
	Fabrics of pile construction, in which pile threads were inserted or knotted during the weaving or knitting, whether or not the pile threads cover the entire surface, and whether the pile threads are wholly or partly cut or are not cut:			
	Of cotton:			
	[Fabric] *Fabrics* of corduroy construction, whether or not the filling floats are cut:			
	52 inches or more in width and valued.			
346.05	50 cents or more per square yard (312).	23% ad val		50% ad val.
346.10	Other (312)	30.5% ad val		50% ad val.
	[Fabric] *Fabrics* of corduroy construction, whether or not the filling floats are cut:			
346.15	Plain-back (311)	20.5% ad val		31.25% ad val.
346.20	Other, including twill-back:			
	Valued not over 85 cents per square yard (311).	25% ad val		44% ad val.
346.22	Valued over 85 cents but not over $1.10 per yard (311).	22.5¢ per sq. yd.		44% ad val.
346.24	Valued over $1.10 per square yard (311).	21.3% ad val		44% ad val.
* * * *		*	*	*
	PART 6.—WEARING APPAREL AND ACCESSORIES			
	Part 6 headnotes: 1. * * *			
* * * *		*	*	*
	3. For purposes of this part, except for suits; pajamas and other nightwear; playsuits, washsuits, and similar apparel; judo, karate and other oriental martial arts uniforms; swimwear; and infants' sets for children up to and including 24 months of age, all garments are to be separately classified under their appropriate tariff items, even if two or more such articles are imported together and designed to be sold together at retail.			
* * * *		*	*	*

SCHEDULE 3.—TEXTILE FIBERS AND TEXTILE PRODUCTS—Continued

Item	Articles	Rates of duty 1	LDDC	2
	PART 10.—PETROLEUM NATURAL GAS, AND PRODUCTS DERIVED THEREFROM			
	Part 10 headnotes: 1. Any product described in this part and also in part 1 of this schedule is classifiable in said part 1, except *naphthas (whether or not catalytic naphthas) provided for in item 475.35, motor fuel blending stock,* fuel oils, motor fuel, and lubricating oils and greases, containing by weight not over 25 percent of any product described in said part 1. This part does not cover— (i) paraffin and other petroleum waxes (see part 13B of this schedule), or (ii) petroleum asphalts (see part 1J of schedule 5). 2. For the purposes of this part— (a) *"Reconstituted crude petroleum"* (items 475.05 and 475.10) is a product which is essentially the equivalent of crude petroleum and which is made by adding fuel oil, naphtha, or other petroleum fractions to crude or topped crude petroleum; [and] (b) *"Motor fuel"* (item 475.25) is any product derived primarily from petroleum, shale, or natural gas, whether or not containing additives, which is chiefly used as a fuel in internal-combustion or other engines[.] ; and *(c) "Motor fuel blending stocks" (item 475.27) is any product (except naphthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additives, which is chiefly used for direct blending in the manufacture of motor fuel.*			
*	* * * *	*	*	*
475.27	*Motor fuel blending stock*	*1.25¢ per gal.*		*2.5¢ per gal.*
475.30	Kerosene derived from petroleum, shale oil, or both [(fuel)] *fuel or motor fuel blending stock.*	0.25¢ per gal.		0.5¢ per gal.
*	* * * *	*	*	*

SCHEDULE 5.—NONMETALLIC MINERALS AND PRODUCTS

*	* * * *	*	*	*

Item	Articles	Rates of Duty 1	LDDC	2
	PART 2.—CERAMIC PRODUCTS			
*	* * * *	*	*	*
	Subpart D.—Industrial Ceramics			

The bill amends item 535.12 by realigning the indentation of the article description with that of item 535.12:

	Ceramic magnets, ceramic electrical insulators whether or not in part of metal, and other ceramic electrical ware, including ferroelectric and piezoelectric ceramic elements (con.):			
535.12	Ferrites Ceramic permanent magnets Other	5.9% ad val.	4.9% ad val.	5% ad val.
535.13	Ceramic insulators to be used in the production of spark plugs for natural gas-fueled, stationary, internal combustion engines.	3.5% ad val.		60% ad val.
*	* * * *	*	*	*

SCHEDULE 6.—METALS AND METAL PRODUCTS

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 2.—METALS, THEIR ALLOYS, AND THEIR BASIC SHAPES AND FORMS			
	* * * * * * *			
	Subpart B.—Iron or Steel			
	* * * * * * *			
606.93	Chipper Knife steel: Not cold formed	[8.3% ad val. + additional duties (see headnote 4)] *Free.*	6% ad val. + additional duties (see headnote 4).	28% ad val. + additional duties (see headnote 4)
	* * * * * * *			
	PART 3.—METAL PRODUCTS			
	* * * * * * *			
	Subpart B.—Wire Cordage; Wire Screen, Netting and Fencing; Bale Ties			
	* * * * * * *			
	Fourdrinier wires, seamed or not seamed, suitable for use in papermaking machines (whether or not parts of, of fitted or attqched to, such machines):			
642.31	Of plastics	15.6% ad val	10% ad val	75% ad val.
	Other:			
642.33	With 240 or more wires to the linear inch	Free		75% ad val.
642.34	Other	15.6% ad val	[12%] *10%* ad val.	75% ad val.
	PART 4.—MACHINERY AND MECHANICAL EQUIPMENT			
	* * * * * * *			
	Subject E.—Textile Machines; Laundry and Dry-Cleaning Machines; Sewing Machines			
	Subject E headnote: *1. For purposes of applying item 670.74 to parts of articles provided for under item 912.04, any such part that is entered, or withdrawn from warehouse for consumption, during the effective period of item 912.04 shall be dutiable at the rate that would apply if that item had not been enacted.*			
	* * * * * * *			
	PART 6.—TRANSPORTATION EQUIPMENT			
	* * * * * * *			
	Subpart D.—Pleasure Boats; Floating Structures			
	Subpart D headnote: 1. This subpart does not cover— (i) yachts or pleasure boats provided for in items 696.05–.10 if in use or intended to be used in trade or commerce, or if brought into the United States by nonresidents thereof for their own use in pleasure cruising; or (ii) vessels which are not yachts or pleasure boats (see general headnote [5(e)] *5(f)*.			
	* * * * * * *			

SCHEDULE 7.—SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 2.—OPTICAL GOODS; SCIENTIFIC AND PROFESSIONAL INSTRUMENTS; WATCHES, CLOCKS, AND TIMING DEVICES; PHOTOGRAPHIC GOODS; MOTION PICTURES; RECORDINGS AND RECORDING MEDIA			
* * * * * * *				
	Subpart E.—Watches, Clocks, and Timing Apparatus			
	Subpart E headnotes: 1. * * *			
* * * * * * *				
	6. *Products of Insular Possessions.*—(a) Except as provided in paragraphs (b) through [(h)] *(i)* of this headnote, any article provided for in this subpart which is the product of the Virgin Islands, Guam, and American Samoa (hereinafter referred to as the "insular possessions") and which contains any foreign component shall be subject to duty— (i) at the rates set forth in column numbered 1, if the countries of origin of more than 50 percent in value of the foreign components are countries to products of which column numbered 1 rates apply, and (ii) at the rates set forth in column numbered 2, if the countries of origin of 50 percent or more in value of the foreign components are countries to products of which column numbered 2 rates apply. (b) Watches and watch movements produced or manufactured in a United States insular possession which contain any foreign component may be admitted free of duty without regard to the value of the foreign materials such watches contain if they conform with the provisions of this headnote, but the total quantity of such articles entered free of duty shall not exceed the amounts established by or pursuant to paragraph [(c)] *(d)* of this headnote. (c) Notwithstanding the provisions of paragraph (b) of this headnote, the provisions of this headnote and the benefits thereunder shall not apply to any article containing any material which is the product of any country with respect to which column 2 rates of duty apply.			
* * * * * * *				
	(d)(i) In calendar year 1983 the total quantity of such articles which may be entered free of duty shall not exceed 4,800,000 units. (ii) In subsequent calendar years, the Secretary of Commerce and the Secretary of the Interior (hereinafter referred to as the "Secretaries"), acting jointly, shall establish a limit on the quantity which may be entered free of duty during the calendar year, and shall consider whether such limit is in the best interest of the insular possessions and not inconsistent with domestic or international trade policy considerations. The quantity the Secretaries establish in any calendar year under this paragraph shall not— (I) exceed 10,000,000 units, or one-ninth of apparent domestic consumption (as determined by the International Trade Commission pursuant to paragraph [(d)] *(e)* of this headnote), whichever is greater;			

SCHEDULE 7.—SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS—Continued

Item	Articles	Rates of duty 1	LDDC	2
	(II) be decreased by more than 10 percent of the quantity established for the immediately preceding calendar year; and (III) be increased to more than 7,000,000 units, or by more than 20 percent of the quantity established for the immediately preceding calendar year, whichever is greater.			
	* * * *	*	*	*
	[(ii)] *(ij)* The Secretaries are authorized to issue such regulations, not inconsistent with the provisions of this headnote, as they determine necessary to carry out their respective duties under this headnote. Such regulations shall include minimum assembly requirements. Any duty-free entry determined not to have been made in accordance with applicable regulations shall be subject to the applicable civil remedies and criminal sanctions, and, in addition, the Secretaries may cancel or restrict the license or certificate of any manufacturer found in willful violation of the regulations.			
	* * * *	*	*	*
	PART 5.—ARMS AND AMMUNITION; FISHING TACKLE; WHEEL GOODS; SPORTING GOODS, GAMES AND TOYS			
	* * * *	*	*	*
	Subpart E.—Models; Dolls, Toys, Tricks, Party Favors			
	* * * *	*	*	*
737.73	Toy sets of ceramic [ware] *ware*, made to the approximate scale of 1 to 10 or larger.	Free		70% ad val.
	* * * *	*	*	*
	PART 7.—BUTTONS, BUCKLES, PINS, AND OTHER FASTENING DEVICES; ARTIFICIAL AND PRESERVED FLOWERS AND FOLIAGE; MILLINERY ORNAMENTS; TRIMMINGS; AND FEATHER PRODUCTS			
	Subpart A.—Buttons, Buckles, Pins, Hooks and Eyes, and Slide Fasteners			
	* * * *	*	*	*

The bill amends items 745.41 and 745.42 by realigning the indentation of the article descriptions with that of item 745.34:

745.34	Other	7.1% ad val	5.7% ad val	45% ad val.
745.41	Of plastics:			
	Other			
	Button blanks and molds, and parts of buttons:			
745.41	Button blanks of casein	Free		45% ad val.
745.42	Other	17.8% ad val	11.4% ad val	45% ad val.
	* * * *	*	*	*
	PART 13.—PRODUCTS NOT ELSEWHERE ENUMERATED			
	* * * *	*	*	*
	Subpart C.—Articles of Gelatine, Glue, Gut, Wax, Bone, Hair, Horn, Hoof, Whalebone, Quill, Shell, Ivory, or Sponge			
	Articles not specially provided for:			
792.10	Of gelatine, glue, or combinations thereof:	4.9% ad val	4.2% ad val	25% ad val.
	Unfilled gelatine capsules			
	Other			

SCHEDULE 7.—SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS—Continued

	Of gut:				
792.20	Goldbeaters' molds and goldbeaters' skins.	Free			Free
[792.20	Other	11.2% ad val	7.7% ad val	40% ad val.]	
792.24	*If imported for use in the manufacture of surgical sutures.*	*5.4% ad val*	*3.5% ad val*	*40% ad val.*	
792.26	*Other*	*11.2% ad val*	*7.7% ad val*	*40% ad val.*	

* * * * * * *

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS

Item	Articles	Rates of duty 1		2
	PART 1.—ARTICLES EXPORTED AND RETURNED			
*	* * * *	*	*	*
	Subpart A.—Articles not Advanced or Improved Abroad			
*	* * * *	*	*	*
801.00	Articles, previously imported, with respect to which the duty was paid upon such previous importation, if (1) reimported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, after having been exported under lease [to a foreign manufacturer,] *or similar use agreements*, and (2) reimported by or for the account of the person who imported it into, and exported it from, the United States.	Free		Free
*	* * * *	*	*	*
802.50	*Rendition of geophysical or contracting services in connection with the exploration for, or the extraction or development of, natural resources.*	*Free*		*Free*
*	* * * *	*	*	*
	Subpart C.—Substantial Containers or Holders			
	Subpart C headnotes: 1. This subpart covers only substantial containers and holders which are of the usual or ordinary types used in the shipment or transportation of goods and which are reusable for such purposes and subject to treatment as imported articles (see general headnote 6 (a) and (b)(ii), and also covers certain repair components, *accessories and equipment.*			
*	* * * *	*	*	*

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS—Continued

Item	Articles	Rates of duty 1	Rates of duty 2
808.00	Substantial containers and holders, if products of the United States (including shooks and staves of United States production when returned as boxes or barrels containing merchandise), or if of foreign production and previously imported and duty (if any) thereon paid, or if of a class specified by the Secretary of the Treasury as instruments of international traffic[, and repair components for a particular container of foreign production which is an instrument of international traffic], *repair components for containers of foreign production which are instruments of international traffic, and accessories and equipment for such containers, whether the accessories and equipment are imported with a container to be reexported separately or with another container, or imported separately to be reexported with a container.*	Free	Free
	* * * * * * *		
	PART 4.—IMPORTATIONS OF RELIGIOUS, EDUCATIONAL, SCIENTIFIC, AND OTHER INSTITUTIONS		
	Part 4 headnotes: 1. Except as provided in items 850.50, 852.20, 854.20, [and 854.30,] *854.30, and 854.40,* or as otherwise provided for in this headnote, the articles covered by this part must be exclusively for the use of the institutions involved, and not for distribution, sale, or other commercial use within 5 years after being entered. Articles admitted under any items in this part may be transferred from an institution specified with respect to such articles to another such institution, or may be exported or destroyed under customs supervision, without duty liability being incurred. However, if any such article (other than an article provided for in item 850.50 or 852.20) is transferred other than as provided by the preceding sentence, or is used for commercial purposes, within 5 years after being entered, the institution for which such article was entered shall promptly notify customs officers at the port of entry and shall be liable for the payment of duty on such article in an amount determined on the basis of its condition as imported and the rate applicable to it (determined without regard to this part) when entered. If, with a view to a transfer (other than a transfer permitted by the second sentence) or the use for commerical purposes of an instrument or apparatus, a repair component admitted under item 851.65 has been assembled into such instrument or apparatus, such component shall, for purposes of the preceding sentence, be treated as a separate article.		
	* * * * * * *		
854.40	*Scrolls or tablets of wood or paper, commonly known as Gohonzon, imported for use in public or private religious observances, whether or not ony of the foregoing is imported for the use of a religious institution.*	*Free*	*Free*
	* * * * * * *		
	PART 7.—OTHER SPECIAL CLASSIFICATION PROVISIONS		
	* * * * * * *		

The bill amends items 870.50, 870.55, and 870.60 by realigning the indentations of the article descriptions with that of item 870.25:

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS—Continued

Item	Articles	Rates of duty 1	2
	Nets or sections or parts of nets:		
870.20	Monofilament gill nets to be used for fish sampling.	Free	Free
870.25	To be used in taking wild birds under license issue by an appropriate Federal or State governmental authority.	Free	Free

* * * * * * *

Item	Articles	Rates of duty 1-a	1-b	2
870.50	Copper waste and scrap	Free	The column 1-b rate applicable in the absence of this item.	The column 2 rate applicable in the absence of this item.
870.55	Articles of copper	Free	The column 1-b rate applicable in the absence of this item.	The column 2 rate applicable in the absence of this item.

Item	Articles	Rates of duty 1	2
870.60	Other Metal waste and scrap (provided for in part 2, schedule 6). Pigs, ingots, or billets Relaying or rerolling rails Articles of metal	Free	Free

APPENDIX TO THE TARIFF SCHEDULES

* * * * * * *

Item	Articles	Rates of duty 1	2	Effective period
	PART 1.—TEMPORARY LEGISLATION			
	* * * * * * *			
	Subpart B.—Temporary Provisions Amending The Tariff Schedules			
	* * * * * * *			
903.25	[Culled carrots, fresh or chilled in immediate containers each holding more than 100 pounds (provided for in item 135.42, part 8d, schedule 1) if entered for consumption during the period from August 15 in any year, to the 15th day of the following February inclusive] *Culled carrots, fresh or chilled, in immediate containers each holding more than 100 pounds (provided for in item 135.42, part 8A, schedule 1), if entered for consumption during the period from August 15 in any year to the 15th day of the following February, inclusive.*	Free	No change	On or before 12/31/84
903.29	*Brussels sprouts, fresh, chilled, or frozen, but not reduced in size and not otherwise prepared or preserved (provided for in item 137.71 part 8A, schedule 1).*	*12.5% ad val*	*No change*	*On or before 12/30/87*
903.33	*Brussels spouts, fresh, chilled, or frozen, and cut, sliced or otherwise reduced in size, but not otherwise prepared or preserved (provided for in item 138.46, part 8A, schedule 1).*	*7% ad val*	*No change*	*On or before 12/30/87*

* * * * * * *

APPENDIX TO THE TARIFF SCHEDULES—Continued

Item	Articles	Rates of duty 1	Rates of duty 2	Effective period
906.10	Needle-craft display models, primarily hand stitched, of completed mass-produced kits: Articles provided for in items 355.16, 360.70, 360.78, 364.18, 364.23, 364.30, 365.78, 365.84, 365.86, 366.79, 367.34, 367.55, 367.60, 386.04, 386.06, [386.09,] *386.13,* 386.50, 388.40, and 389.62 of schedule 3 (except shoe uppers and tents).	free	No change	On or before 6/30/85

The bill amends item 906.12 in part by realigning the indentation of the article description with that of item 906.10:

906.12	Aprons and baby bibs (provided for in items 383.03, 383.08, 383.20, and 383.50, *part 6F,* of schedule 3).	Free	No change	On or before 6/30/85
906.50	*Diphenyl guanidine and di-ortho-tolyl guanidine (provided for in item 405.52, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
906.51	*(6R,7R)-7-[(R)-2-Amino-2-phenylacetamido]-3-methyl-8-oxo-5-thia-1-azabicylo [4.2.0]oct-2-ene-2-carboxylic acid disolvate (provided for in item 406.42, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
906.52	*Mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one,magnesium chloride, and magnesium nitrate (provided for in item 432.25, part 2E, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
906.53	*Dicyclomine hydrochloride and mepenzolate bromide (provide for in item 412.02, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
906.54	*Desipramine hydrochloride (provided for in item 412.35, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
906.99	*Rifampin (provided for in item 437.32, part 3B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.00	[P-Hydroxybenzoic Acid (provided for in item 404.42, part 1, schedule 4)] *p-Hydroxybenzoic acid provided for in item 404.42, part 1B, schedule 4).*	Free	No change	On or before 9/30/85
907.01	[Triphenyl phosphate (provided for in item 404.48, part 1B, schedule 4)] *Triphenyl phosphate (provide for in item 409.34, part 1C, schedule 4).*	Free	No change	On or before 9/30/85
*	* * * * * *			
907.08	4-chloro-3-methylphenol (CAS No. 59-50-7) (provided for in item 403.56, part 1B, schedule 4).	Free	No change	On or before [6/30/84] *9/30/87*
907.14	[Mixtures of 3-ethylbiphenyl (methylbiphenyl) and 4-ethylbiphenyl (P-ethylbiphenyl) (provided for in item 407.16, part 1B, schedule 4] *Mixtures of 3-ethylbiphenyl (m-ethylbiphenyl) and 4-ethylbiphenyl (p-ethylbiphenyl) (provided for in item 407.16, part 1B, schedule 4).*	Free	No change	On or before 6/30/85

Item	Articles	Rates of duty 1	Rates of duty LDDC	Rates of duty 2	Effective date
907.15	[1,1-Bis (4-Chlorophenyl)-2,2,2,-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4] *1,1-Bis(4-chlorophenyl)-2,2,2-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4).*	9.5% ad val	6.9% ad val	7¢ per lb. + 41% ad val.	On or before 9/30/85

Item	Articles	Rates of duty 1	Rates of duty 2	Effective date
907.16	Allyl resins, uncompounded (provided for in item 408.96, part 1C, schedule 4).	Free	No change	On or before [9/30/84] *9/30/86*
*	* * * * * *			

APPENDIX TO THE TARIFF SCHEDULES—Continued

Item	Articles	Rates of duty 1	Rates of duty 2	Effective date
907.18	*Amiodarone (provided for in item 412.12, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
[907.19	Sulfathiazole (provided for in item 411.80)	11.9 ad val	7¢ per lb. +80% ad val.	On or before 12.31/83]
907.19	*Sulfathiazole (provided for in item 411.80, part 1C, schedule 4).*	*Free*	*Free*	*On or before 9/30/87*
*	* * * *	*	*	*
907.25	*Terfenadne (provided for in item 411.58, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.31	*Beta-Naphthol (provided for in item 403.29, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.32	*3,3'-Diaminobenzidine (provided for in item 404.90, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.33	*Acetylsulfaguanidine (provided for in item 406.56, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.34	*6-Amino-1-naphthol-3-sulfonic acid (provided for in item 405.00, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.35	*2-(4-Aminophenyl)-6-methylbenzothiazole-7-sulfonic acid (provided for in item 406.39, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.36	*Sulfamethazine (provided for in item 411.24, part 1C, schedule 4).*	*Free*	*Free*	*On or before 9/30/87*
907.37	*Sulfaguanidine (provided for in item 411.27, part 1C, schedule 4).*	*Free*	*Free*	*On or before 9/30/87*
907.38	*Sulfaquinoxaline and sulfanilamide (provided for in item 411.87, part 1C, schedule 4).*	*Free*	*Free*	*On or before 9/30/87*
907.41	*Mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate ('fenridazon-potassium') and formulation adjuvants (provided for in item 408.38, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.42	*Clomiphene citrate (provided for in item 412.50, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.51	*Yttrium bearing materials and compounds containing by weight more than 19% but less than 85% yttrium oxide equivalent (provided for in items 423.00 or 423.96, part 2C, schedule 4, or item 603.70, part 1, schedule 6).*	*Free*	*No change*	*On or before 6/30/88*
907.63	*Nicotine resin complex (provided for in item 437.133, part 3B, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.65	Tartaric acid (provided for in item 425.94, part 2D, schedule 4).	Free	No change	On or before [6/30/84] *6/30/88*
907.66	Potassium salts: Antimony tartrate (tartar emetic) (provided for in item 426.72, part 2D, schedule 4).	Free	No change	On or before [6/30/84] *6/30/88*
907.68	Cream of tartar (provided for in item 426.76, Part 2D, schedule 4).	Free	No change	On or before [6/30/84] *6/30/88*
907.69	Sodium tartrate (Rochelle salts) (provided for in item 426.82, part 2D, schedule 4).	Free	No change	On or before [6/30/84] *6/30/88*
907.76	*Lactulose (provided for in item 439.50, part 3C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
907.79	*Iron-dextran complex (provided for in item 440.00, part 3C, schedule 4).*	*Free*	*No change*	*On or before 9/30/87*
909.01	Graphite, crude and refined, natural (provided for in item 517.21, or 517.24, part 1E, schedule 5).	Free	No change	On or before [12/31/84] *12/31/87*
910.00	*Tool blanks and drill blanks, wholly or in chief value of industrial diamonds (provided for in item 520.21, part 1H, or item 523.91, part 1K, schedule 5).*	*Free*	*30% ad val*	*On or before 9/30/87*
911.00	Zinc-bearing ores (provided for in item 602.20, part 1, schedule 6).	Free on zinc content.	No change	On or before [6/30/84] *(6/30/89)*
911.01	Zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6).	Free	No change	On or before [6/30/84] *(6/30/89)*
911.02	Zinc-bearing materials (provided for in items 603.49, 603.50, 603.54, and 603.55, part 1, schedule 6).	Free on zinc content.	No change	On or before [6/30/84] *(6/30/89)*
911.03	Zinc waste and scrap (provided for in item 626.10, part 2, schedule 6).	Free	No change	On or before [6/30/84] *(6/30/89)*
*	* * * *	*	*	*

APPENDIX TO THE TARIFF SCHEDULES—Continued

Item	Articles	Rates of duty 1	Rates of duty 2	Effective date
[911.22	Chipper knife steel (provided for in item 606.93, part 2B, schedule 6).	4% ad val.	No change	On or before 12/31/84]
*	* * * *	*	*	*
911.95	Entertainment broadcast band receivers valued not over $40 each (however provided for in schedule 6) incorporating timekeeping or time display devices, not in combination with any other article, and not designed for motor vehicle installation	Free	No change	On or before [9/30/84] *9/30/86*
912.02	*Magnetron tubes with an operating frequency of 2.450 GHz and a minimum power of at least 300 watts and a maximum power not greater than 2000 watts (provided for in item 684.28, part 5, schedule 6).*	*Free*	*No change*	*On or before 12/31/85*
912.04	*Power driven weaving machines for weaving fabrics not over 12 inches in width (provided for in item 670.14, part 4E, schedule 6).*	*Free*	*No change*	*On or before 9/30/87*
*	* * * *	*	*	*
912.11	*Decorative lace-braiding machines using the jacquard system, and parts thereof (provided for in items 670.25 and 670.74, part 4E, schedule 6).*	*Free*	*No change*	*On or before 9/30/87*
*	* * * *	*	*	*
912.30	Stuffed dolls (with or without clothing) and doll skins for stuffed dolls (provided for respectively in items [737.21,] 737.23 and 737.26, part 5E, schedule 7).	Free	No change	On or before 12/31/85
912.45	*Frames for hand-held umbrellas chiefly used for protection against rain (provided for in item 751.20, part 8B, schedule 7).*	*Free*	*No change*	*On or before 9/30/85*
*	* * * *	*	*	*

SECTION 136 OF THE ACT OF JANUARY 12, 1983

AN ACT To reduce certain duties, to suspend temporarily certain duties, to extend certain existing suspensions of duties, and for other purposes

* * * * * * *

SEC. 136. TEMPORARY REDUCTION OF DUTY ON SULFATHIAZOLE.

(a) Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.19	Sulfathiazole (provided for in item 411.80).....	13.3% ad val..	7¢ per lb. + 80% ad val.	On or before 12/31/83".

[(b) During such time as item 907.22 (as added by subsection (a)) is in effect, the rate of duty on sulfathiazole that is a product of a least developed developing country shall be 8 percent ad valorem.

[(c)(1) With respect to articles entered after December 31, 1983, and before January 1, 1985, item 907.22 is amended by striking out "13.3% ad val." and inserting in lieu thereof "11.9% ad val.", and by striking out "12/31/83" and inserting in lieu thereof "12/31/84".

[(2) With respect to articles entered after December 31, 1984, and before January 1, 1986, item 907.22 is amended by striking out "11.9% ad val." and inserting in lieu thereof "10.6% ad val.", and by striking out "12/31/84" and inserting in lieu thereof "12/31/85".]

EDUCATIONAL, SCIENTIFIC, AND CULTURAL MATERIALS IMPORTATION ACT OF 1982

* * * * * * *

SEC. 162. BOOKS, PUBLICATIONS, AND DOCUMENTS.

Part 5 of schedule 2 is amended—

(1) by inserting, in numerical sequence, the following new item:

"270.90	Catalogs of films, recordings or other visual and auditory material of an educational, scientific, or cultural character.	Free.....	Free";

(2) by striking out items 273.45 through 273.55, and the superior heading thereto, and inserting in lieu thereof the following:

"273.52	[Architectural] *Architectural*, engineering, industrial, or commercial drawings and plans, whether originals or reproductions.	Free.....	Free";

and

(3) by inserting immediately below the phrase "Printed not over 20 years at time of importation:" and above (and at the same hierarchical level as) "Lithographs on paper:" the following new item:

"274.55	Loose illustrations, reproduction proofs or reproduction films used for the production of books.	Free.....	Free".

SEC. 163. VISUAL AND AUDITORY MATERIALS.

(a) PHOTOGRAPHIC FILM.—* * *

* * * * * * *

(c) PATTERNS, MODELS, ETC.—Part 7 of schedule 8 is amended—

(1) by striking out headnote 1 and redesignating [headnote 2 as headnote 1,] *headnotes 2 and 3 as headnotes 1 and 2, respectively,*

(2) by striking out item 870.30 and

(3) by inserting in numerical sequence, the following new item:

"870.35	Patterns, models (except toy [models) and wall charts of an educational, scientific or cultural character,] *models), globes, and wall charts of an educational, scientific or cultural character;* mock-up or visualizations of abstract concepts such as molecular structures or mathematical formulae; materials for programed instruction; and kits containing printed materials and audio materials and visual materials or any combination of two or more of the foregoing.	Free	Free".

* * * * * * *

SEC. 165. ARTICLES FOR THE BLIND OR OTHER HANDICAPPED PERSONS.

(a) ELIMINATION OF DUTY.—Subpart D of part 2 of schedule 8 is amended by striking out items 825.00, 826.10, and 826.20.

(b) SPECIALLY DESIGNED ARTICLES.—Part 7 of schedule 8 is amended—

(1) by inserting, in numerical sequence, the following new items:

"	Articles specially designed or adapted for the use or benefit of the blind or other physically or mentally handicapped persons:		
	Articles for the blind:		
[870.50] *807.65*	Books, music, and pamphlets, in raised print, used exclusively by or for them.	Free	Free
[870.55] *870.66*	Braille tablets, cubarithms, and special apparatus, machines, presses, and types for their use or benefit exclusively.	Free	Free"

The bill amends item 870.67 by realigning the indentation of the article description with the indentation "Articles for the blind:" immediately preceding item 870.65:

"[870.60] *870.67*	Other	Free	Free ";

and

(2) by adding the following new headnote:

"[2]. *3.* For the purposes of items [870.50, 870.55, and 870.60—] *870.65, 870.66, and 870.67—*

"(a) The term 'physically or mentally handicapped persons' includes any person suffering from a permanent or chronic physical or mental impairment which substantially limits one or more major life activities, such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

"(b) These items do not cover—

"(i) articles for acute or transient disability;

"(ii) spectacles, dentures, and cosmetic articles for individuals not substantially disabled;

"(iii) therapeutic and diagnostic articles; or

"(iv) medicine or drugs.".

(c) STATISTICAL INFORMATION.—The Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall take such actions as are necessary to obtain adequate statistic information with

respect to articles to which the amendments made by this section apply.

* * * * * * *

TARIFF ACT OF 1930

* * * * * * *

TITLE III—SPECIAL PROVISIONS

PART I—MISCELLANEOUS

* * * * * * *

SEC. 313. DRAWBACK AND REFUNDS.

(a) ARTICLES MADE FROM IMPORTED MERCHANDISE.— * * *

* * * * * * *

(j) SAME CONDITION DRAWBACK.—(1) If imported merchandise, on which was paid any duty, tax, or fee imposed under Federal law because of its importation—

(A) is, before the close of the three-year period beginning on the date of importation—

(i) exported in the same condition as when imported, or

(ii) destroyed under Customs supervision; and

(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 per centum of the amount of each such duty, tax, and fee so paid shall be refunded as drawback.

(2) The performing of incidental operations (including, but not limited to, testing, cleaning, repacking, and inspecting) on the imported merchandise itself, not amounting to manufacture or production for drawback purposes under the preceding provisions of this section, shall not be treated as a use of that merchandise for purposes of applying paragraph (1)(B).

(3) If there is, with respect to imported merchandise on which was paid any duty, tax, or fee imposed under Federal law because of its importation, any other merchandise (whether imported or domestic) that—

(A) is fungible with such imported merchandise;

(B) is, before the close of the three-year period beginning on the date of importation of the imported merchandise, either exported or destroyed under Customs supervision;

(C) before such exportation or destruction—

(i) is not used within the United States, and

(ii) is in the possession of the party claiming drawback under this paragraph; and

(D) is in the same condition at the time of exportation or destruction as was the imported merchandise at the time of its importation;

then upon the exportation or destruction of such other merchandise the amount of each such duty, tax, and fee paid regarding the imported merchandise shall be refunded as drawback, but in no case

may the total drawback on the imported merchandise, whether available under this paragraph or any other provision of law or any combination thereof, exceed 99 percent of that duty, tax, or fee.

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SEC. 322. INTERNATIONAL TRAFFIC AND RESCUE WORK.

(a) Vehicles and other instruments of international traffic, of any class specified by the Secretary of the Treasury, shall be [granted the customary exceptions] *excepted* from the application of the customs laws to such extent and subject to such terms and conditions as may be prescribed in regulations or instructions of the Secretary of the Treasury.

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TITLE IV—ADMINISTRATIVE PROVISIONS

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PART II—REPORT, ENTRY, AND UNLADING OF VESSELS AND VEHICLES

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SEC. 466. EQUIPMENT AND REPAIRS OF VESSELS.

(a) * * *

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[(e) In the case of any vessel designed and used primarily for purposes other than transporting passengers or property in the foreign or coasting trade which arrives in a port of the United States two years or more after its last departure from a port of the United States, the duties imposed by this section shall apply only with respect to (1) fish nets and netting, and (2) other equipments, and parts thereof, and repair parts and materials purchased, or repairs made, during the first six months after the last departure of such vessel from a port of the United States.]

(e) In the case of any vessel referred to in subsection (a) that arrives in a port of the United States two years or more after its last departure from a port of the United States, the duties imposed by this section shall apply only with respect to (1) fish nets and netting, and (2) other equipments, and parts thereof, and repair parts and materials purchased, or repairs made during the first six months after the last departure of such vessel from a port of the United States: Provided, That if such vessel is designed and used primarily for transporting passengers or property, this subsection shall not apply if the vessel departed from the United States for the sole purpose of obtaining such equipments, parts, materials, or repairs.

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PART III—ASCERTAINMENT, COLLECTION, AND RECOVERY OF DUTIES

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SEC. 498. ENTRY UNDER REGULATIONS.

(a) AUTHORIZED FOR CERTAIN MERCHANDISE.—The Secretary of the Treasury is authorized to prescribe rules and regulations for the declaration and entry of—

(1) Merchandise, imported in the mails or otherwise, when the aggregate value of the shipment does not exceed such amount, not greater than [$250,] *$1,250,* as the Secretary of the Treasury shall specify in the regulations and the specified amount may vary for different classes or kinds of merchandise or different classes of transactions, *except that this paragraph does not apply to articles valued in excess of $250 classified in—*

(A) schedule 3,

(B) parts 1, 4A, 7B, 12A, 12D, and 13B of schedule 7, and

(C) parts 2 and 3 of the Appendix, of the Tariff Schedules of the United States, or to any other article for which formal entry is required without regard to value

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SEC. 504. LIMITATION ON LIQUIDATION.

(a) LIQUIDATION.—Except as provided in subsection (b), an entry of merchandise not liquidated within one year from:

(1) the date of entry of such merchandise;

(2) the date of the final withdrawal of all such merchandise covered by a warehouse entry; or

(3) the date of withdrawal from warehouse of such merchandise for consumption where, pursuant to regulations issued under section 505(a) of this Act, duties may be deposited after the filing of an entry or withdrawal from warehouse;

shall be deemed liquidated at the rate of duty, value, quantity, and amount of duties asserted at the time of entry by the importer[, his consignee, or agent]. Notwithstanding section 500(e) of this Act, notice of liquidation need not be given of an entry deemed liquidated.

(b) EXTENSION.—The Secretary may extend the period in which to liquidate an entry by giving notice of such exension to the importer[, his consignee, or agent] *of record* in such form and manner as the secretary shall prescribe in regulations, if—

(1) information needed for the proper appraisement or classification of the merchandise is not available to the appropriate customs officer;

(2) liquidation is suspended as required by statute or court order; or

(3) the importer[, consignee, or his agent] *of record* requests such extension and shows good cause therefor.

(c) NOTICE OF SUSPENSION.—If the liquidation of any entry is suspended, the secretary shall, by regulation, require that notice of such suspension be provided to the importer [or consignee] *of record* concerned and to any authorized agent and surety of such importer [or consignee.] *of record.*

(d) LIMITATION.—Any entry of merchandise not liquidated at the expiration of four years from the applicable date specified in subsection (a) of this section, shall be deemed liquidated at the rate of duty, value, quantity, and amount of duty asserted at the time of

entry by the importer[, his consignee, or agent,] *of record,* unless liquidation continues to be suspended as required by statute or court order. When such a suspension of liquidation is removed, the entry shall be liquidated within 90 days therefrom.

SEC. 505. PAYMENT OF DUTIES.—

(a) DEPOSIT OF ESTIMATED DUTIES.—Unless merchandise is entered for warehouse of transportation, or under bond, the importer of record shall deposit with the appropriate customs officer at the time of making entry, or at such later time as the Secretary may prescribe by regulation (but not to exceed thirty days after the date of entry), the amount of duties estimated by such customs officer to be payble thereon.

(b) COLLECTION OR REFUND.—The appropriate customs officer shall collect any increased or additional duties due or refund any excess of duties deposited as determined on a liquidation or reliquidation.

(c) Duties determined to be due upon liquidation or reliquidation shall be due 15 days after the date of that liquidation or reliquidation, and unless payment of the duties is received by the appropriate customs officer within 30 days after that date, shall be considered delinquent and bear interest from the 15th day after the date of liquidation or reliquidation at a rate determined by the Secretary of the Treasury.

SEC. 520. REFUNDS AND ERRORS.

(a) The Secretary of the Treasury is hereby authorized to refund duties or other receipts in the following cases:

(1) EXCESS DEPOSITS.—Whenever it is ascertained on liquidation or reliquidation of an entry that more money has been deposited or paid as duties than was required by law to be so deposited or paid;

(2) FEES, CHARGES, AND EXACTIONS.—Whenever it is determined in the manner required by law that any fees, charges, or exactions, other than duties and taxes, have been erroneously or excessively collected; and

(3) FINES, PENALTIES, AND FOREITURES.—Whenever money has been deposited in the Treasury on account of a fine, penalty, or forfeiture which did not accrue, or which is finally determined to have accrued in an amount less than that so deposited, or which is mitigated to an amount less than that so deposited or is remitted.

(4) PRIOR TO LIQUIDATION.—Prior to the liquidation of an entry, whenever it is ascertained that excess duties, fees, charges, or exactions have been deposited or paid by reason of clerical error.

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(d) If a determination is made to reliquidate an entry as a result of a protest filed under section 514 of this Act or an application for relief made under subsection (c)(1) of this section, or if reliquidation is ordered by an appropriate court, interest shall be allowed on any amount paid as increased or additional duties under section 505(c) of this Act at the annual rate established pursuant to that section and determined as of the 15th day after the date of liquidation or reliquidation. The interest shall be calculated from the date or pay-

ment to the date of (1) the refund, or (2) the filing of a summons under section 2632 of title 28, United States Code, whichever occurs first.

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PART IV—TRANSPORTATION IN BOND AND WAREHOUSING OF MERCHANDISE

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SEC. 555. BONDED WAREHOUSES.

[Buildings] *(a) Subject to subsection (b), buildings* or parts of buildings and other inclosures may be designated by the Secretary of the Treasury as bonded warehouses for the storage of imported merchandise entered for warehousing, or taken possession of by the appropriate customs officer, or under seizure, or for the manufacture of merchandise in bond, or for the repacking, sorting, or cleaning of imported merchandise. Such warehouses may be bonded for the storing of such merchandise only as shall belong or be consigned to the owners or proprietors thereof and be known as private bonded warehouses, or for the storage of imported merchandise generally and be known as public bonded warehouses. Before any imported merchandise not finally released from customs custody shall be stored in any such premises, the owner or lessee thereof shall give a bond in such sum and with such sureties as may be approved by the Secretary of the Treasury to secure the Governemnt against any loss or expense connected with or arising from the deposit, storage, or manipulation of merchandise in such warehouse. Except as otherwise provided in this Act, bonded warehouses shall be used solely for the storage of imported merchandise and shall be placed in charge of a proper officer of the customs, who, together with the proprietor thereof, shall have joint custody of all merchandise stored in the warehouse; and all labor on the merchandise so stored shall be performed by the owner or proprietor of the warehouse, under supervision of the officer of the customs in charge of the same, at the expense of the owner or proprietor. The compensation of such officer of the customs and other customs employees appointed to supervise the receipt of merchandise into any such warehouse and deliveries therefrom shall be reimbursed to the Government by the proprietor of such warehouse.

(b) If a State or local governmental authority, incident to its jurisdiction over any airport, seaport, or other exit point facility, requires that a concession or other form of approval be obtained from that authority with respect to the operation of a duty-free sales enterprise under which merchandise is delivered to such facility for exportation, merchandise incident to such operation may not be withdrawn from a bonded warehouse and transferred to such facility unless the operator of the duty-free sales enterprise demonstrates to the Secretary of the Treasury that the concession or approval required for the enterprise has been obtained. For purposes of this subsection, the term "duty-free sales enterprise" means an entity that sells, in less than wholesale quantities, duty-free or tax-free merchandise that is delivered from a bonded warehouse to an airport, seaport, or point

of exit from the United States for exportation by, or on behalf of, individuals departing from the United States.

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SEC. 564. LIENS.

Whenever a customs officer shall be notified in writing of the existence of a lien for freight, charges, or contribution in general average upon any imported merchandise sent to the appraiser's store for examination, entered for warehousing or taken possession of by him, he shall refuse to permit delivery thereof from public store or bonded warehouse until proof shall be produced that the said lien has been satisfied or discharged. The rights of the United States shall not be prejudiced or affected by the filing of such lien, nor shall the United States or its officers be liable for losses or damages consequent upon such refusal to permit delivery. If merchandise, regarding which such notice of lien has been filed, shall be forfeited or abandoned and sold, the freight, charges, or contribution in general average due thereon shall be paid from the proceeds of such sale in the same manner as other lawful charges and expenses are paid therefrom. *The provisions of this section shall apply to licensed customs brokers who otherwise possess a lien for the purposes stated above upon the merchandise under the statutes or common law, or by order of any court of competent jurisdiction, of any State.*

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PART VI—MISCELLANEOUS PROVISIONS

[SEC. 641. CUSTOMHOUSE BROKERS.

[(a) REGULATIONS FOR LICENSING.—The Secretary of the Treasury may prescribe rules and regulations governing the licensing as customhouse brokers of citizens of the United States of good moral character, and of corporations, associations, and partnerships, and may require as a condition to the granting of any license, the showing of such facts as he may deem advisable as to the qualifications of the applicant to render valuable service to importers and exporters. No such license shall be granted to any corporation, association, or partnership unless licenses as customhouse brokers have been issued to at least two of the officers of such corporation or association, or two of the members of such partnership, and such licenses are in force. Any license granted to any such corporation, association, or partnership shall be deemed revoked if for any continuous period of more than sixty days after the issuance of such license there are not at least two officers of such corporation or association or two members of such partnership who are qualifed to transact business as customhouse brokers. Except as provided in subdivision (c) of this section, no person shall transact business as a customhouse broker without a license granted in accordance with the provisions of this subdivision, but nothing in this section shall be construed to authorize the requiring of a license in the case of any person transacting at a customhouse business pertaining to his own importations.

[(b) REVOCATION OR SUSPENSION.—The appropriate officer of the customs may at any time, for good and sufficient reasons, serve notice in writing upon any customhouse broker so licensed to show cause why said license shall not be revoked or suspended, which notice shall be in the form of a statement specifically setting forth the ground of complaint. The appropriate officer of customs shall within ten days thereafter notify the customhouse broker in writing of a hearing to be held before him within five days upon said charges. At such hearing the customhouse broker may be represented by counsel, and all proceedings including the proof of the charges and the answer thereto, shall be presented, with the right of cross-examination to both parties, and a stenographic record of the same shall be made and a copy there of shall be delivered to the customhouse broker. At the conclusion of such hearing the appropriate officer of customs shall forthwith transmit all papers and the stenographic report of the hearing, which shall constitute the record of the case, to the Secretary of the Treasury for his action. Thereupon the said Secretary of the Treasury shall have the right to revoke or suspend the license of any customhouse broker shown to be incompetent, disreputable, or who has refused to comply with the rules and regulations issued under this section, or who has, with intent to defraud, in any manner willfully and knowingly deceived, misled, or threatened any importer, exporter, claimant, or client, or prospective importer, exporter, claimant, or client, by word, circular, letter or by advertisement.

[An appeal may be taken by any licensed customhouse broker from any order of the Secretary of the Treasury suspending or revoking a license. Such appeal shall be taken by filing, in the Court of International Trade, within sixty days after the entry of such order, a written petition praying that the order of the Secretary of the Treasury be modified or set aside in whole or in part. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Secretary of the Treasury, or any officer designated by him for that purpose, and thereupon the Secretary of the Treasury shall file in the court the record upon which the order complained of was entered, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition such court shall have exclusive jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Secretary of the Treasury shall be considered by the court unless such objection shall have been urged before the appropriate officer of customs or unless there were reasonable grounds for failure so to do. The finding of the Secretary of the Treasury as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the appropriate officer of customs, the court may order such additional evidence to be taken before the appropriate officer of customs and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Secretary of the Treasury may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or

new findings, which, if supported by substantial evidence, shall be conclusive, and his recommendation, if any, for the modification or setting aside of the original order. The commencement of proceedings under this subsection shall, unless specifically ordered by the court, operate as a stay of the Secretary of the Treasury's order.

[(c) PRIOR LICENSES.—Licenses issued under the Act of June 10, 1910 (36 Stat. 454; U.S.C., title 19, sec. 415), or under the provisions of subdivision (a) of this section prior to the effective date of this amendment, shall continue in force and effect, subject to suspension and revocation as provided in subdivision (b) of this section.

[(d) REGULATIONS BY SECRETARY.—The Secretary of the Treasury shall prescribe such rules and regulations as he may deem necessary to protect importers and the revenue of the United States, and to carry out the provisions of this section, including rules and regulations requiring the keeping of books, accounts, and records by customhouse brokers, and the inspection thereof, and of their papers, documents, and correspondence by, and the furnishing by them of information relating to their business to, any duly accredited agent of the United States.

[(e) TRIENNIAL REPORTS BY CUSTOMHOUSE BROKERS.—On February 1, 1979, and on February 1 of each third year thereafter, each person who is licensed as a customhouse broker under this section shall file with the Secretary a report as to—

[(1) whether such person is actively engaged in business as a customhouse broker; and

[(2) the name under, and the address at, which such business is being transacted.]

SEC. 641. CUSTOMS BROKERS.

(a) DEFINITIONS.—As used in this section:

(1) The term "customs broker" means any person granted a customs broker's license by the Secretary under subsection (b).

(2) The term "customs business" means those activities involving transactions with the Customs Service concerning the entry and admissibility of merchandise, its classification and valuation, the payment of duties, taxes, or other charges assessed or collected by the Customs Service upon merchandise by reason of its importation, or the refund, rebate, or drawback thereof.

(3) The term "Secretary" means the Secretary of the Treasury.

(b) CUSTOMS BROKER'S LICENSES.—

(1) IN GENERAL.—No person may conduct customs business (other than solely on behalf of that person) unless that person holds a valid customs broker's license issued by the Secretary under paragraph (2) or (3).

(2) LICENSES FOR INDIVIDUALS.—The Secretary may grant an individual a customs broker's license only if that individual is a citizen of the United States. Before granting the license, the Secretary may require an applicant to show any facts deemed necessary to establish that the applicant is of good moral character and qualified to render valuable service to others in the conduct of customs business. In assessing the qualifications of an applicant, the Secretary may conduct an examination to determine the applicant's knowledge of customs and related laws,

regulations and procedures, bookkeeping, accounting, and all other appropriate matters.

(3) LICENSES FOR CORPORATIONS, ETC.—The Secretary may grant a customs broker's license to any corporation, association, or partnership that is organized or existing under the laws of any of the several States of the United States if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license granted under paragraph (2).

(4) DUTIES.—A customs broker shall exercise responsible supervision and control over the customs business that it conducts.

(5) LAPSE OF LICENSE.—The failure of a customs broker that is licensed as a corporation, association, or partnership under paragraph (3) to have, for any continuous period of 120 days, at least one officer of the corporation or association, or at least one member of the partnership, validly licensed under paragraph (2) shall, in addition to causing the broker to be subject to any other sanction under this section (including paragraph (6)), result in the revocation by operation of law of its license.

(6) PROHIBITED ACTS.—Any person who intentionally transacts customs business, other than solely on the behalf of that person, without holding a valid customs broker's license granted to that person under this subsection shall be liable to the United States for a monetary penalty not to exceed $10,000 for each such transaction as well as for each violation of any other provision of this section. This penalty shall be assessed in the same manner and under the same procedures as the monetary penalties provided for in subsection (d)(2)(A).

(c) CUSTOMS BROKERS PERMITS.—

(1) IN GENERAL.—Each person granted a customs broker's license under subsection (b) shall—

(A) be issued a permit, in accordance with regulations prescribed under this section, for each customs district in which that person conducts customs business; and

(B) except as provided in paragraph (2), regularly employ in each customs district for which a permit is so issued at least one individual who is licensed under subsection (b)(2) to exercise responsible supervision and control over the customs business conducted by that person in that district.

(2) EXCEPTION.—If a person granted a customs broker's license under subsection (b) can demonstrate to the satisfaction of the Secretary that—

(A) he regularly employs in the region in which that district is located at least one individual who is licensed under subsection (b)(2), and

(B) that sufficient procedures exist within the company for the person employed in that region to exercise responsible supervision and control over the customs business conducted by that person in that district,

the Secretary may waive the requirement in paragraph (1)(B).

(3) LAPSE OF PERMIT.—The failure of a customs broker granted a permit under paragraph (1) to employ, for any continuous period of 180 days, at least one individual who is licensed

under subsection (b)(2) within the district or region (if paragraph (2) applies) for which a permit was issued shall, in addition to causing the broker to be subject to any other sanction under this section (including any in subsection (d)), result in the revocation by operation of law of the permit.

(d) DISCIPLINARY PROCEEDINGS.—

(1) GENERAL RULE.—The Secretary may impose a monetary penalty in all cases with the exception of the infractions described in clause (iii) of subparagraph (B) of this subsection, or revoke or suspend a license or permit of any customs broker, if it is shown that the broker—

(A) has made or caused to be made in any application for any license or permit under this section, or report filed with the Customs Service, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report any material fact which was required to be stated therein;

(B) has been convicted at any time after the filing of an application for license under subsection (b) of any felony or misdemeanor which the Secretary finds—

(i) involved the importation or exportation of merchandise;

(ii) arose out of the conduct of its customs business; or

(iii) involved larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds;

(C) has violated any provision of any law enforced by the Customs Service or the rules or regulations issued under any such provision;

(D) has counseled, commanded, induced, procured, or knowingly aided or abetted the violations by any other person of any provision of any law enforced by the Customs Service, or the rules or regulations issued under any such provision;

(E) has knowingly employed, or continues to employ, any person who has been convicted of a felony, without written approval of such employment from the Secretary; or

(F) has, in the course of its customs business, with intent to defraud, in any manner willfully and knowingly deceived, misled or threatened any client or prospective client.

(2) PROCEDURES.—

(A) MONETARY PENALTY.—Unless action has been taken under subparagraph (B), the appropriate customs officer shall serve notice in writing upon any customs broker to show cause why the broker should not be subject to a monetary penalty not to exceed $30,000 in total for a violation or violations of this section. The notice shall advise the customs broker of the allegations or complaints against him and shall explain that the broker has a right to respond to the allegations or complaints in writing within 30 days of the date of the notice. Before imposing a monetary penalty,

the customs officer shall consider the allegations or complaints and any timely response made by the customs broker and issue a written decision. A customs broker against whom a monetary penalty has been issued under this section shall have a reasonable opportunity under section 618 to make representations seeking remission or mitigation of the monetary penalty. Following the conclusion of any proceeding under section 618, the appropriate customs officer shall provide to the customs broker a written statement which sets forth the final determination and the findings of fact and conclusions of law on which such determination is based.

(B) REVOCATION OR SUSPENSION.—The appropriate customs officer may, for good and sufficient reason, serve notice in writing upon any customs broker to show cause why a license or permit issued under this section should not be revoked or suspended. The notice shall be in the form of a statement specifically setting forth the grounds of the complaint, and shall allow the customs broker 30 days to respond. If no response is filed, or the appropriate customs officer determines that the revocation or suspension is still warranted, he shall notify the customs broker in writing of a hearing to be held within 15 days, or at a later date if the broker requests an extension and shows good cause therefor, before an administrative law judge appointed pursuant to section 3105 of title 5, United States Code, who shall serve as the hearing officer. If the customs broker waives the hearing, or the broker or his designated representative fails to appear at the appointed time and place, the hearing officer shall make findings and recommendations based on the record submitted by the parties. At the hearing, the customs broker may be represented by counsel, and all proceedings, including the proof of the charges and the response thereto shall be presented with testimony taken under oath and the right of cross-examination accorded to both parties. A transcript of the hearing shall be made and a copy will be provided to the appropriate customs officer and the customs broker; they shall thereafter be provided reasonable opportunity to file a post-hearing brief. Following the conclusion of the hearing, the hearing officer shall transmit promptly the record of the hearing along with his findings of fact and recommendations to the Secretary for decision. The Secretary will issue a written decision, based solely on the record, setting forth his findings of fact and the reasons for his decision. Such decision may provide for the sanction contained in the notice to show cause or any lesser sanction authorized by this subsection, including a monetary penalty not to exceed $30,000, than was contained in the notice to show cause.

(3) SETTLEMENT AND COMPROMISE.—The Secretary may settle and compromise any disciplinary proceeding which has been instituted under this subsection according to the terms and conditions agreed to by the parties, including but not limited to the

reduction of any proposed suspension or revocation to a monetary penalty.

(4) LIMITATION OF ACTIONS.—Notwithstanding section 621, no proceeding under this subsection or subsection (b)(6) shall be commenced unless such proceeding is instituted by the appropriate service of written notice within 5 years from the date the alleged violation was committed; except that if the alleged violation consists of fraud, the 5-year period of limitation shall commerce running from the time such alleged violation was discovered.

(e) JUDICAL APPEAL.—

(1) IN GENERAL.—A customs broker, applicant, or other person directly affected may appeal any decision of the Secretary denying or revoking a license or permit under subsection (b) or (c), or revoking or suspending a license or permit or imposing a monetary penalty in lieu thereof under subsection (d)(2)(B), by filing in the Court of International Trade, within 60 days after the issuance of the decision or order, a written petition requesting that the decision or order be modified or set aside in whole or in part. A copy of the petition shall be transmitted promptly by the clerk of the court to the Secretary or his designee. In cases involving revocation or suspension of a license or permit or imposition of a monetary penalty in lieu thereof under subsection (d)(2)(B), after receipt of the petition, the Secretary shall file in court the record upon which the decision or order complained of was entered, as provided in section 2635(d) of title 28, United States Code.

(2) CONSIDERATION OF OBJECTIONS.—The court shall not consider any objection to the decision or order of the Secretary, or to the introduction of evidence or testimony, unless that objection was raised before the hearing office in suspension or revocation proceedings unless there were reasonable grounds for failure to do so.

(3) CONCLUSIVENESS OF FINDINGS.—The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

(4) ADDITIONAL EVIDENCE.—If any party applies to the court for leave to present additional evidence and the court is satisfied that the additional evidence is material and that reasonable grounds existed for the failure to present the evidence in the proceedings before the hearing officer, the court may order the additional evidence to be taken before the hearing officer and to be presented in a manner and upon the terms and conditions prescribed by the court. The Secretary may modify the findings of facts on the basis of the additional evidence presented. The Secretary shall then file with the court any new or modified findings of fact which shall be conclusive if supported by substantial evidence, together with a recommendation, if any, for the modification or setting aside of the original decision or order.

(5) EFFECT OF PROCEEDINGS.—The commencement of proceedings under this subsection shall, unless specifically ordered by the court, operate as a stay of the decision of the Secretary except in the case of a denial of a license or permit.

(6) FAILURE TO APPEAL.—If any appeal is not filed within the time limits specified in this section, the decision by the Secretary shall be final and conclusive. In the case of a monetary penalty imposed under subsection (d)(2)(B) of this section, if the amount is not tendered within 60 days after the decision becomes final, the license shall automatically be suspended until payment is made to the Customs Service.

(f) REGULATIONS BY THE SECRETARY.—The Secretary may prescribe such rules and regulations relating to the customs business of customs brokers as the Secretary considers necessary to protect importers and the revenue of the United States, and to carry out the provisions of this section, including rules and regulations governing the licensing of or issuance of permits to customs brokers, the keeping of books, accounts, and records by customs brokers, and documents and correspondence, and the furnishing by customs brokers of any other information ralating to their customs business to any duly accredited officer or employee of he United States Customs Service.

(g) TRIENNIAL REPORTS BY CUSTOMS BROKERS.—

(1) IN GENERAL.—On February 1, 1985, and on February 1 of each third year thereafter, each person who is licensed under subsection (b) shall file with the Secretary of the Treasury a report as to—

(A) whether such person is actively engaged in business as a customs broker; and

(B) the name under, and the address at, which such business is being transacted.

(2) SUSPENSION AND REVOCATION.—If a person licensed under subsection (b) fails to file the required report by March 1 of the reporting year, the license is suspended, and may be thereafter revoked subject to the following procedures:

(A) The Secretary shall transmit written notice of suspension to the license no later than March 31 of the reporting year.

(B) If the licensee files the required report within 60 days of receipt of the Secretary's notice, the license shall be reinstated.

(C) In the event the required report is not filed within the 60-day period, the license shall be revoked without prejudice to the filing of an application for a new license.

(h) FEES AND CHARGES.—The Secretary may prescribe reasonable fees and charges to defray the costs of the Customs Service in carrying out the provisons of this section, including, but not limited to, a fee for licenses issued under subsection (b) and fees for any test administered by him or under his direction; except that no separate fees shall be imposed to defray the costs of an individual audit or of individual disciplinary proceedings of any nature.

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TITLE 28, UNITED STATES CODE

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PART IV—JURISDICTION AND VENUE

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CHAPTER 95—COURT OF INTERNATIONAL TRADE

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§ 1581. Civil actions against the United States and agencies and officers thereof

(a) * * *

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[(g) The court of International Trade shall have exclusive jurisdiction of any civil action commenced to review—

[(1) and decision of the Secretary of the Treasury to deny or revoke a customhouse broker's license under section 641(a) of the Tariff Act of 1930; and

[(2) any order of the Secretary of the Treasury to revoke or suspend a customhouse broker's license under section 641(b) of the Tariff Act of 1930.]

(g) The Court of International Trade shall have exclusive jurisdiction of any civil action commenced to review—

(1) any decision of the Secretry of the Treasury to deny a custom's brokers license under section 641(b) (2) or (3) or (c) of the Tariff Act of 1930, or to deny a customs broker's permit under section 641(c)(1) of such Act, or to revoke a license or permit under section 641(b)(5) or (c)(2) of such Act; and

(2) any decision of the Secretary of the Treasury to revoke or suspend a customs broker's license or permit, or impose a monetary penalty in lieu thereof, under section 641(d)(2)(B) of the Tariff Act 1930.

§ 1582. Civil action commenced by the United States

The Court of International Trade shall have exclusive jurisdiction of and civil action which arises out of an import transaction and which is commenced by the United States—

[(1) to recover a civil penalty under section 592, 704(i)(2), or 734(i)(2) of the Tariff Act of 1930;]

(1) to recover a civil penalty under section 592, 641(a)(1)(C), 641(d)(2)(A), 704(i)(2), or 734(i)(2) of the Tariff Act of 1939;

(2) to recover upon a bond relating to the importation of merchandise required by the laws of the United States or by the Secretary of the Treasury; or

(3) to recover customs duties.

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PART VI—PARTICULAR PROCEEDINGS

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CHAPTER 169—COURT OF INTERNATIONAL TRADE PROCEDURE

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§ 2631. Persons entitled to commence a civil action

(a) * * *

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[(g)(1) A civil action to review any decision of the Secretary of the Treasury to deny or revoke a customhouse broker's license under section 641(a) of the Tariff Act of 1930 may be commenced in the Court of International Trade by the person whose license was denied or revoked.

[(2) A civil action to review any order of the Secretary of the Treasury to revoke or suspend a customhouse broker's license under section 641(b) of the Tariff Act of 1930 may be commenced in the Court of International Trade by the person whose license was revoked or suspended.]

(g)(1) A civil action to review any decision of the Secretary of the Treasury to deny a customs broker's license under section 641(b)(2) or (3) of the Tariff Act of 1930, or to deny a customs broker's permit under section 641(c)(1) of such Act, or to revoke such license or permit under section 641(b)(5) or (c)(2) of such Act, may be commenced in the Court of International Trade by the person whose license or permit was denied or revoked.

(2) A civil action to review any decision of the Secretary of the Treasury to revoke or suspend a customs broker's license or permit or impose a monetary penalty in lieu thereof under section 641(d)(2)(B) of the Tariff Act of 1930 may be commenced in the Court of International Trade by the person against whom the decision was issued.

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§ 2636. Time for commencement of action

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[(h) A civil action contesting the denial or revocation by the Secretary of the Treasury of a customhouse broker's license under section 641(a) of the Tariff Act of 1930 or the revocation or suspension by such Secretary of a customhouse broker's license under section 641(b) of such Act is barred unless commenced in accordance with the rules of the Court of International Trade within sixty days after the date of the entry of the decision or order of such Secretary.]

(h) A civil action contesting the denial or revocation by the Secretary of the Treasury of a customs broker's license or permit under subsection (b) or (c) of section 641 of the Tariff Act of 1930, or the revocation or suspension of such license or permit or the imposition of a monetary penalty in lieu thereof by such Secretary under section 641(d) of such Act, is barred unless commenced in accordance

with the rules of the Court of International trade within sixty days after the date of the entry of the decision or order of such Secretary.

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§ 2640. Scope and standard of review

(a) The Court of International Trade shall make its determinations upon the basis of the record made before the court in the following categories of civil actions:

(1) Civil actions contesting the denial of a protest under section 515 of the Tariff Act of 1930.

(2) Civil actions commenced under section 516 of the Tariff Act of 1930.

(3) Civil actions commenced to review a final determination made under section 305(b)(1) of the Trade Agreements Act of 1979.

(4) Civil actions commenced under section 777(c)(2) of the Tariff Act of 1930.

[(5) Civil actions commenced to review any decision of the Secretary of the Treasury to deny or revoke a customhouse broker's license under section 641(a) of the Tariff Act of 1930.**]**

(5) Civil actions commenced to review any decision of the Secretary of the Treasury under section 641 of the Tariff Act of 1930, with the exception of decisions under section 641(d)(2)(B), which shall be governed by subdivision (d) of this section.

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§ 2643. Relief

(a) * * *

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(e) In any proceeding involving assessment or collection of a monetary penalty under section 641(b)(6) or 641(d)(2)(A) of the Tariff Act of 1930, the court may not render judgment in an amount greater than that sought in the initial pleading of the United States, and may render judgment in such lesser amount as shall seem proper and just to the court.

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